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北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
ENGINEERING PROCUREMENT CONSTRUCTION CONTRACT
RELATING TO 100MW
AGRICULTURAL AND PHOTOVOLTAIC COMPLEMENTARY
POWER GENERATION PROJECT IN
HAINAN PROVINCE, THE PRC**

EPC CONTRACT

On 13 July 2022 (after trading hours), Jingneng Qionghai, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with the Consortium. Pursuant to the EPC Contract, the Consortium, acting as the contractor, will provide EPC services to Jingneng Qionghai, as the principal, for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project at the Consideration of approximately RMB480.05 million (tax inclusive). The Agricultural and Photovoltaic Complementary Power Generation Project is located in Qionghai City, Hainan Province, the PRC with planned construction capacity of 100MW.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the EPC Contract exceeds 5% but is less than 25%, the entering into of the EPC Contract constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 13 July 2022 (after trading hours), Jingneng Qionghai, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with the Consortium. Pursuant to the EPC Contract, the Consortium, acting as the contractor, will provide EPC services to Jingneng Qionghai, as the principal, for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project at the Consideration of approximately RMB480.05 million (tax inclusive). The Agricultural and Photovoltaic Complementary Power Generation Project is located in Qionghai City, Hainan Province, the PRC with planned construction capacity of 100MW.

THE EPC CONTRACT

The principal terms of the EPC Contract are set out below:

- Date: 13 July 2022 (after trading hours)
- Parties:
- (i) Jingneng Qionghai (as the principal)
 - (ii) The Consortium (as the contractor)
- Subject matter: The Consortium agreed to serve as the EPC contractor to provide EPC services to Jingneng Qionghai for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project. The EPC services include, among others, design services, procurement of equipment and materials, construction and installation, testing and acceptance works. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project.
- The Consortium shall design, implement and complete the construction of the Agricultural and Photovoltaic Complementary Power Generation Project in accordance with the EPC Contract and remedy any failure or defects during the one-year warranty period of the Agricultural and Photovoltaic Complementary Power Generation Project carried out under the EPC Contract.

Construction period: The construction of the Agricultural and Photovoltaic Complementary Power Generation Project shall commence upon the written notice of Jingneng Qionghai, and is expected to complete by 1 March 2023.

Consideration and payment method: The Consideration of the EPC Contract is approximately RMB480.05 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment, design and technical services payment and other fees, and shall be settled as follows:

(i) Advance Payment

20% of the Consideration as advance payment shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the EPC Contract being effective; (ii) the receipt of the letter of performance guarantee and letter of advance payment guarantee (each is equivalent to 10% of the total contract value under the EPC Contract and is irrevocable and payable on demand); and (iii) the receiving of a receipt for advance payment from the Consortium to Jingneng Qionghai.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingneng Qionghai shall pay to the Consortium with respect to the equipment and materials payment, construction and installation payment, design and technical services payment and other fees. In furtherance to the above, Jingneng Qionghai shall pay up to 97% of the construction and installation payment, 90% of the equipment and materials payment, 90% of the design and technical services payment and 100% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

(iii) Quality Assurance Fund

Under the EPC Contract, 3% of the construction and installation payment, 10% of the equipment and materials payment, and 10% of the design and technical services payment shall be retained by Jingneng Qionghai (the “**Quality Assurance Fund**”), but shall be paid to the Consortium upon the fulfilment of the following conditions:

- (1) the completion of rectifications of any defects and the issuance of quality assurance confirmation by Jingneng Qionghai;
- (2) the fulfilment of quality of the construction pursuant to the EPC Contract and if there are any quality issues, the Consortium having completed the quality repairs/maintenance; and
- (3) before the expiration of the warranty period under the EPC Contract, with respect to any equipment with warranty period exceeding one year, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by the Consortium to Jingneng Qionghai.

Escrow Account:

The Consortium shall establish a escrow account (the “**Escrow Account**”) for receiving portion of the milestone payments, which shall be jointly managed by Jingneng Qionghai and the Consortium and subject to the terms specified in the EPC Contract. During the course of the project, 70% of each instalment of milestone payments paid by Jingneng Qionghai shall be deposited into the Escrow Account (the usage of the fund shall be approved by Jingneng Qionghai and for the sole purpose of the Agricultural and Photovoltaic Complementary Power Generation Project), and 30% shall be paid to the Consortium at the reasonable disposal of the Consortium, but which shall nonetheless be used solely and exclusively for the Agricultural and Photovoltaic Complementary Power Generation Project.

The fund in the Escrow Account shall be released after the completion of test-run and acceptance of performance inspection with respect to the Agricultural and Photovoltaic Complementary Power Generation Project, and the submission of proof of settlement of relevant rural workers' wages by the Consortium.

Performance guarantee: Under the EPC Contract, the Consortium shall provide a letter of performance guarantee issued by a qualified bank with an amount equivalent to 10% of the contract sum under the EPC Contract, to guarantee the due performance by the Consortium of its obligations under the EPC Contract, within 30 days of the effective date of the EPC Contract.

The letter of performance guarantee shall be released upon the full capacity on-grid connection of the Agricultural and Photovoltaic Complementary Power Generation Project.

Advance payment guarantee: Under the EPC Contract, as a prerequisite of payment of the advance payment, the Consortium shall provide a letter of advance payment guarantee issued by a qualified bank with an amount equivalent to 10% of the contract sum under the EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the EPC Contract.

The letter of advance payment guarantee shall be released once the advance payment is fully utilised along the progress of the project in accordance with the terms of the EPC Contract.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Consideration was determined by the parties after arm's length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar size projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in watts) of the Agricultural and Photovoltaic Complementary Power Generation Project; and (v) the prevailing market price of provision of the similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

Having considered the development and the expected return from investment in the photovoltaic industry in the PRC, the Company is optimistic about the prospect of the photovoltaic industry in the PRC in the foreseeable future. To the best of the Directors' knowledge, the members of the Consortium are all well-established companies with substantial experience in the construction and development of photovoltaic power generation projects in the PRC. The EPC Contract will enable the Company to further expand its scale of business in the photovoltaic industry through the construction of quality photovoltaic power generation project so as to enhance returns to the Shareholders. In view of the above, the Directors are of the view that the terms and conditions of the EPC Contract are fair and reasonable and the transactions contemplated thereunder are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the EPC Contract exceeds 5% but is less than 25%, the entering into of the EPC Contract constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION OF PARTIES

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

Jingneng Qionghai is a company established in the PRC with limited liability and is a non wholly-owned subsidiary of the Company. It is primarily engaged in development and operation of photovoltaic power generation projects, power transmission business and power supply (distribution) business.

Powerchina Jiangxi Electric Power Construction Co., Ltd.* (中國電建集團江西省電力建設有限公司) is a company established in the PRC with limited liability, which is principally engaged in power generation engineering and construction. It is a wholly-owned subsidiary of Power Construction Corporation of China, Ltd.* (中國電力建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, with its A shares listed on the Shanghai Stock Exchange (stock code: 601669), which is ultimately majority held by the State-owned Assets Supervision and Administration Commission of the State Council.

Sichuan Tongli Hengneng Power Engineering Design Co., Ltd.* (四川通力恒能電力工程設計有限公司), a company established in the PRC with limited liability, is principally engaged in electric power engineering survey and design and consultation; new energy technology development, engineering contracting business etc. It is wholly-owned by Jiangxi Hengneng Power Engineering Co., Ltd.* (江西恒能電力工程有限公司), which is held as to approximately (i) 61.6% by Nanchang Jianneng Enterprise Management Center (Limited Partnership)* (南昌建能企業管理中心(有限合夥)); (ii) 35.0% by Jiangxi Tongli Electric Power Development Co., Ltd.* (江西通力電業發展有限公司); and (iii) 3.4% by Wang Zhibin (汪志斌). Nanchang Jianneng Enterprise Management Center (Limited Partnership)* (南昌建能企業管理中心(有限合夥)) is held as to 40% by Tu Chunlei (涂春雷), 30% by Zhang Wenpu (章文浦) and 30% by Wu Changyuan (吳昌垣). Jiangxi Tongli Electric Power Development Co., Ltd.* (江西通力電業發展有限公司) is held as to approximately 37.1% by Wang Caibing (王才兵), 33.9% by Chen Li (譚莉) and 29.0% by Xie Jing (謝晶).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Consortium and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Agricultural and Photovoltaic Complementary Power Generation Project”	the agricultural and photovoltaic complementary power generation project located in Qionghai City, Hainan Province, the PRC with planned construction capacity of 100MW
“Board”	the board of Directors of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)

“Consideration”	approximately RMB480.05 million (tax inclusive), being the consideration payable by Jingneng Qionghai to the Consortium for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project under the EPC Contract
“Consortium”	a consortium consisting of Powerchina Jiangxi Electric Power Construction Co., Ltd.* (中國電建集團江西省電力建設有限公司) (as the consortium leader) and Sichuan Tongli Hengneng Power Engineering Design Co., Ltd.* (四川通力恒能電力工程設計有限公司) (as the consortium member)
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Jingneng Qionghai and the Consortium dated 13 July 2022 in relation to the 100MW planned construction capacity of the Agricultural and Photovoltaic Complementary Power Generation Project
“Group”	the Company and its subsidiaries
“Jingneng Qionghai”	Jingneng United (Qionghai) New Energy Co., Ltd.* (京能聯合(瓊海)新能源有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt(s), which equals 1,000,000 watts
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 13 July 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Zhao Bing, Mr. Su Yongjian and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* *For identification purposes only*