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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)

**MAJOR TRANSACTION
ENGINEERING, PROCUREMENT AND
CONSTRUCTION CONTRACT RELATING TO A 100MW
WIND POWER GENERATION PROJECT IN
HEILONGJIANG PROVINCE, THE PRC**

THE EPC CONTRACT 2

Reference is made to the announcement of the Company dated 19 December 2023 in relation to the entering into of the EPC Contract 1.

On 18 January 2024, Jingrui, a wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract 2 with the Consortium, as the contractors. Pursuant to the EPC Contract 2, the Consortium will provide EPC services to Jingrui for the construction of the EPC Project (Phase 2). The contract price under the EPC Contract 2 amounted to approximately RMB571 million (tax inclusive).

LISTING RULES IMPLICATIONS

Pursuant to the Rule 14.22 of the Listing Rules, the EPC Contract 1 and the EPC Contract 2 shall be aggregated since these transactions are entered into by the Group with Jingdian Energy Engineering within a 12 month period. As the highest applicable percentage ratio in respect of the EPC Contract 2, when aggregated with the EPC Contract 1, exceeds 25% but is less than 100%, the EPC Contract 2, when aggregated with the EPC Contract 1, constitutes a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened by the Company to seek the Shareholders' approval of the EPC Contract 2 and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the EPC Contract 2; (ii) the notice of SGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 29 February 2024 as the Company needs more time to prepare and finalize information to be included in the circular.

As the EPC Contract 2 may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement of the Company dated 19 December 2023 (“**Previous Announcement**”) in relation to the entering into of the EPC Contract 1. The Board is pleased to announce that on 18 January 2024, Jingrui, a wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract 2 with the Consortium, as the contractors. Pursuant to the EPC Contract 2, the Consortium will provide EPC services to Jingrui for the construction of the EPC Project (Phase 2). The contract price under the EPC Contract 2 amounted to approximately RMB571 million (tax inclusive).

THE EPC CONTRACT 2

The principal terms of the EPC Contract 2 are set out as below:

Date: 18 January 2024

Parties: (i) Jingrui (as the principal)
(ii) Consortium (as the contractors)

Subject Matter: The Consortium agreed to serve as the EPC contractors to provide EPC services to Jingrui for the construction of the EPC Project (Phase 2). The EPC services under the EPC Contract 2 include, among others, the survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works (including governmental and special acceptance) of the EPC Project (Phase 2). The Consortium shall be responsible for all the relevant expenses incurred for the construction of the EPC Project (Phase 2).

In addition, the Consortium shall also be responsible for all permanent and temporary land acquisition, compliance procedures, revegetation, restoration of pavement in the process of construction and external coordination arising out of and in connection with the construction of the EPC Project (Phase 2), including the joint testing and cooperation of communication with the EPC Project (Phase 1).

The Consortium shall implement and complete the construction of the EPC Project (Phase 2) in accordance with the EPC Contract 2 and remedy any failure or defects during the one-year warranty period of the EPC Project (Phase 2) carried out under the EPC Contract 2.

Construction Period:

The construction of the EPC Project (Phase 2) shall commence upon the written notice from Jingrui, and is expected to complete within 367 calendar days from the date on which the written notice has been served under the EPC Contract 2.

Contract Price and
Payment Method:

The contract price under the EPC Contract 2 is approximately RMB571 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and consulting payment and other fees, the details of the payment structure are as follow:

Payments & fees	<i>Approximately RMB' million</i>
1. Equipment and materials payment	233
2. Construction and installation payment	265
3. Design and consulting payment	6
4. Other fees	<u>67</u>
Total	<u><u>571</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract 2 as advance payment (the “**Advance Payment**”) shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the EPC Contract 2 being signed and effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract 2, and is irrevocable and payable on demand) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the EPC Contract 2, and is unconditional, irrevocable, irrefutable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by the Consortium to Jingrui.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingrui shall pay to the Consortium with respect to construction and installation payment, equipment and materials payment, design and consulting payment and other fees. In furtherance to the above, Jingrui shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the design and consulting payment and 95% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract 2, including, among others, completion of settlement audit for the EPC Project (Phase 2), and special value-added tax invoice(s) issued by the Consortium.

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment, 5% of the design and consulting payment and 5% of other fees under the EPC Contract 2 shall be retained by Jingrui without accrual of interest as quality assurance fund and be paid to the Consortium (after deduction of any part thereof pursuant to the EPC Contract 2) until the expiration of the one-year warranty period, which is one year starting from the date of the acceptance of the construction of the EPC Project (Phase 2) subject to the fulfillment of the following conditions:

- (1) resolving all defects of the construction works and equipment within the warranty period and a quality confirmation letter issued by Jingrui;
- (2) meeting the agreed technical standards stated in the EPC Contract 2. If there is quality issue, the Consortium shall complete the quality repairs in accordance with the EPC Contract 2; and
- (3) before the expiration of the warranty period under the EPC Contract 2, 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 Jingrui.

Performance Guarantee:

Under the EPC Contract 2, the Consortium shall provide a letter of performance guarantee issued by a commercial bank (as agreed upon by Jingrui) with an amount equivalent to 10% of the contract price under the EPC Contract 2 (the “**Letter of Performance Guarantee**”) within 30 days after the EPC Contract 2 becomes effective, to guarantee the due performance by the Consortium of their obligations under the EPC Contract 2.

The validity period of the Letter of Performance Guarantee shall expire upon the completion and settlement of the EPC Project (Phase 2).

In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Jingrui is entitled to terminate the EPC Contract 2 and the Consortium will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract 2, after the EPC Contract 2 becomes effective and prior to Jingrui's payment of the Advance Payment to the Consortium, the Consortium shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Jingrui) with an amount equivalent to 10% of the contract price under the EPC Contract 2, to guarantee that the Advance Payment will be used in accordance with the terms of the EPC Contract 2.

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 2.

Escrow Account:

The Consortium shall establish an escrow account (the "**Escrow Account**") for receiving certain payments under the EPC Contract 2, which shall be jointly managed by Jingrui and the Consortium, and subject to the terms specified in the EPC Contract 2. The usage of the fund in the Escrow Account shall be approved by Jingrui and for the sole purpose of performing the EPC Project (Phase 2).

The Group shall perform the rights and obligations under the EPC Contract 2 subject to the approval by the Shareholders and other approvals required under the Listing Rules.

BASIS FOR DETERMINATION OF THE CONTRACT PRICE UNDER THE EPC CONTRACT 2

The contract price under the EPC Contract 2 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 of the contractors and the determination of the relevant contract price: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in MW) of the EPC Project (Phase II); and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT 2

Having considered the development and the expected return from the investment in wind power generation in the renewable energy industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future. Surrounding the national large bases plan, the layout of large-scale wind power generation bases in "Northeast China, North China and Northwest China" is expected to be accelerated.

The Group has accelerated the pace of scale expansion development of clean energy and expansion of the scale of the wind power business, which has been one of the key focuses of the Group in this regard. To the best of the Directors' knowledge, HDEC and Jingdian Energy Engineering are well-established companies with substantial experience in the construction and development of renewable energy power generation projects in the PRC. The entering into of the EPC Contract 2 would be in line with the national policies in terms of layout of sizeable power bases and will enable the Company to further expand its scale of business in wind power station in the renewable energy industry and diversify the clean energy portfolio through the construction of quality wind power generation projects so as to enhance returns to the Shareholders.

In view of the above, the Directors have reviewed the EPC Contract 2 and are of the view that the terms and conditions of the EPC Contract 2 are fair and reasonable and the transaction contemplated thereunder is entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to the Rule 14.22 of the Listing Rules, the EPC Contract 1 and the EPC Contract 2 shall be aggregated since these transactions are entered into by the Group with Jingdian Energy Engineering within a 12 month period. As the highest applicable percentage ratio in respect of the EPC Contract 2, when aggregated with the EPC Contract 1, exceeds 25% but is less than 100%, the EPC Contract 2, when aggregated with the EPC Contract 1, constitutes a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) 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 clean energy projects.

Jingrui is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is primarily engaged in power generation business, power transmission business and power supply (distribution) business.

HDEC is a company established in the PRC with limited liability and is primarily engaged in, among others, contracting of EPC projects, provision of technical services including planning, surveying, design, consultation, supervision and inspection of engineering projects in the PRC and abroad, whole process engineering consulting, marine engineering survey and investment, construction, operation and maintenance of infrastructure projects. As at the date of this announcement, to the best information of the Directors, HDEC 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 established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601669).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each member of the Consortium and their ultimate beneficial owners are Independent Third Parties of the Company and not connected persons of the Company as at the date of this announcement.

The SGM will be convened by the Company to seek the Shareholders' approval of the EPC Contract 2 and the transactions contemplated thereunder.

As the EPC Contract 2 may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

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“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)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consortium”	a consortium comprising HDEC (as the consortium leader) and Jingdian Energy Engineering (as the consortium member)
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract 1”	the EPC contract entered into between Jingrui, NEPDI and Jingdian Energy Engineering dated 19 December 2023 as disclosed in the Previous Announcement
“EPC Contract 2”	the EPC contract entered into between Jingrui and the Consortium dated 18 January 2024 in relation to the construction of the EPC Project (Phase 2)
“EPC Project (Phase 1)”	phase I of the wind power generation project located in Harbin City, Heilongjiang Province, the PRC with the planned construction capacity of 100MW as disclosed in the Previous Announcement
“EPC Project (Phase 2)”	the wind power generation project located in Harbin City, Heilongjiang Province, the PRC with a total planned construction capacity of 200MW, of which the planned construction capacity of phase II is 100MW
“Group”	the Company and its subsidiaries
“HDEC”	Powerchina Huadong Engineering Corporation Limited* (中國電建集團華東勘測設計研究院有限公司), a company established in the PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Jingdian Energy Engineering”	Jingdian Energy Engineering Group Co., Ltd.* (京電能源工程集團有限公司), a company established in the PRC with limited liability
“Jingrui”	Jingrui (Harbin City) New Energy Co., Ltd.* (京瑞(哈爾濱市)新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“kV”	kilovolt
“kW”	kilowatt(s), which equals to 1,000 watts
“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
“MWh”	megawatt-hour(s)
“NEPDI”	Northeast Electric Power Design Institute Co., Ltd. of China Power Engineering Consulting Group* (中國電力工程顧問集團東北電力設計院有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose 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 the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed thereto under the Listing Rules

“%” per cent

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

Hong Kong, 18 January 2024

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. Liu Guoxi, Mr. Su Yongjian, Mr. Li Hao and Mr. Lu Xiaoyu; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* *For identification purpose only*