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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 50MW PHOTOVOLTAIC POWER GENERATION PROJECT IN INNER MONGOLIA AUTONOMOUS REGION, THE PRC

THE EPC CONTRACT

On 28 July 2022 (after trading hours), Hohhot United, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with SEPCOIII. Pursuant to the EPC Contract, SEPCOIII, acting as the contractor, will provide EPC services to Hohhot United, as the principal, for the construction of the Photovoltaic Power Generation Project at the Consideration of approximately RMB234.61 million (tax inclusive). The Photovoltaic Power Generation Project is located in Hohhot City, Inner Mongolia Autonomous Region, the PRC with planned construction capacity of 50MW.

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 28 July 2022 (after trading hours), Hohhot United, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with SEPCOIII. Pursuant to the EPC Contract, SEPCOIII, acting as the contractor, will provide EPC services to Hohhot United, as the principal, for the construction of the Photovoltaic Power Generation Project at the Consideration of approximately RMB234.61 million (tax inclusive). The Photovoltaic Power Generation Project is located in Hohhot City, Inner Mongolia Autonomous Region, the PRC with planned construction capacity of 50MW.

THE EPC CONTRACT

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

Date:	28 July 2022 (after trading hours)
Parties:	(i) Hohhot United (as the principal) (ii) SEPCOIII (as the contractor)
Subject matter:	SEPCOIII agreed to serve as the EPC contractor to provide EPC services to Hohhot United for the construction of the Photovoltaic Power Generation Project. The EPC services include, among others, survey, design and consultancy services, procurement of equipment and materials, construction and installation, and handling of relevant compliance procedures ancillary to the construction project and information handover. SEPCOIII shall be responsible for all the relevant expenses incurred for the construction of the Photovoltaic Power Generation Project. SEPCOIII shall design, implement and complete the construction of the Photovoltaic Power Generation Project in accordance with the EPC Contract and remedy any failure or defects during the 24-months warranty period of the Photovoltaic Power Generation Project carried out under the EPC Contract.

Construction period: The construction of the Photovoltaic Power Generation Project shall commence upon the written notice of Hohhot United, and the grid-connected power generation in full capacity shall take place by no later than 30 September 2022 under the EPC Contract.

Consideration and payment method: The Consideration of the EPC Contract is approximately RMB234.61 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment, design 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 SEPCOIII 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 SEPCOIII to Hohhot United.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Hohhot United shall pay to SEPCOIII with respect to the equipment and materials payment, construction and installation payment, design services payment and other fees. In furtherance to the above, Hohhot United shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 97% of the design services payment and 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, 5% of the equipment and materials payment, and 3% of the design services payment and other fees shall be retained by Hohhot United (the "**Quality Assurance Fund**"), but shall be paid to SEPCOIII upon the fulfilment of the following conditions:

(1) the submission of completion settlement documents and application for Quality Assurance Fund by SEPCOIII, and the completion of audit by Hohhot United of the aforesaid documents within 15 business days after their receipt; and

(2) the provision of a letter of quality guarantee (with an amount equivalent to the Quality Assurance Fund) by SEPCOIII in favour of Hohhot United.

Performance guarantee: Under the EPC Contract, SEPCOIII 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 SEPCOIII of its obligations under the EPC Contract.

The letter of performance guarantee shall be released upon the satisfactory acceptance of completion of the project.

Advance payment guarantee: Under the EPC Contract, SEPCOIII 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.

Quality guarantee: Under the EPC Contract, as a prerequisite of release of the Quality Assurance Fund, SEPCOIII shall provide a letter of quality guarantee with an amount equivalent to the Quality Assurance Fund, to guarantee the due performance of the obligation of SEPCOIII to rectify all defects during the 24-months warranty period (which shall commence from the date of satisfactory inspection of the construction works) in accordance with the terms of the EPC Contract.

The letter of quality guarantee shall be released upon the fulfilment of the following conditions:

(1) all defects of the construction works have been rectified during the warranty period, and a certificate confirming the same has been issued by Hohhot United;

(2) all agreed technical standards stated in the EPC Contract have been met; and if there is any quality issue, SEPCOIII shall have already resolved the issue in accordance with the EPC Contract; and

(3) before the expiration of the warranty period under the EPC Contract, with respect to any equipment with warranty period exceeding two years, SEPCOIII shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Hohhot United.

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 Photovoltaic 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, SEPCOIII is a well-established company 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.

Hohhot United 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.

SEPCOIII is a company established in the PRC with limited liability and is principally engaged in, among others, (1) the design and provision of consultation for electricity, building, railway, road and bridge construction projects; (2) the construction of electricity projects; and (3) the installation, maintenance and repair of electricity facilities.

As at the date of this announcement, to the best information and knowledge of the Directors, SEPCOIII is a wholly-owned subsidiary of Power Construction Corporation of China*(中國電力建設集團有限公司), which is a state-owned enterprise in the PRC directly and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, SEPCOIII and its 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:

"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 RMB234.61 million (tax inclusive), being the consideration payable by Hohhot United to SEPCOIII for the construction of the Photovoltaic Power Generation Project under the EPC Contract
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"EPC Contract"	the EPC contract entered into between Hohhot United and SEPCOIII dated 28 July 2022 in relation to the 50MW planned construction capacity of the Photovoltaic Power Generation Project
"Group"	the Company and its subsidiaries
"Hohhot United"	Hohhot City United New Energy Development Co., Ltd.*（呼和浩特市聯合新能源開發有限公司）, 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
"Photovoltaic Power Generation Project"	the photovoltaic power generation project located in Hohhot City, Inner Mongolia Autonomous Region, the PRC with planned construction capacity of 50MW
"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
"SEPCOIII"	SEPCOIII Electric Power Construction Co., Ltd.*(山東電力建設第三工程有限公司), a company established in the PRC with limited liability
"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, 28 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*