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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 AND
CONSTRUCTION CONTRACT RELATING TO A 150MW
PHOTOVOLTAIC POWER GENERATION PROJECT IN
CHONGQING, THE PRC**

THE EPC CONTRACT

On 2 May 2024, Jingqiao, a subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Jingqiao for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB677 million (tax inclusive).

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 notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 2 May 2024, Jingqiao, a subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Jingqiao for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB677 million (tax inclusive).

THE EPC CONTRACT

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

Date: 2 May 2024

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

Subject Matter: The Consortium agreed to serve as the EPC contractors to provide EPC services to Jingqiao for the construction of the EPC Project. The EPC services under the EPC Contract include, among others, all survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works within the scope of the EPC Project.

The Consortium shall be responsible for all the relevant expenses incurred for the construction of the EPC Project, except for the land transfer fee and related tax payment which shall be borne by Jingqiao.

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

Construction Period: The construction of the EPC Project shall commence upon the written notice from Jingqiao, and is expected to be grid-connected with full capacity within 81 calendar days from the date on which the written notice has been served under the EPC Contract.

Contract Price and Payment Method: The contract price under the EPC Contract is approximately RMB677 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and consultancy payment and other fees. Payment for the contract price under the EPC Contract can be made by cash deposits, or banker's or trade acceptance, of which the latter cannot exceed 30% of the contract price under the EPC Contract. The details of the payment structure are as follows:

Payments & fees		<i>Approximately RMB' million</i>
1.	Equipment and materials payment	321
2.	Construction and installation payment	303
3.	Design and consultancy payment	8
4.	Other fees	45
Total		<u><u>677</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB135 million (tax inclusive)) as advance payment (the “**Advance Payment**”) shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the EPC Contract being signed and effective; (ii) the receipt of the independent letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract, and is unconditional, irrevocable and payable on demand) and the Letter of Advance Payment Guarantee (as defined below) (equivalent to 10% of the contract price under the EPC Contract, and is unconditional, irrevocable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by the Consortium to Jingqiao.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingqiao shall pay to the Consortium with respect to equipment and materials payment, construction and installation payment, design and consultancy payment and other fees. In furtherance to the above, Jingqiao shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the design and consultancy payment and 100% of the other fees (representing an aggregate sum of up to approximately RMB651 million (tax inclusive), inclusive of the Advance Payment) upon the fulfilment of certain conditions set out under the EPC Contract, including, among others, completion of settlement audit for the EPC Project, 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 and 5% of design and consultancy payment (representing an aggregate sum of approximately RMB26 million (tax inclusive)) under the EPC Contract shall be retained by Jingqiao as quality assurance fund and be paid to the Consortium (after deduction of any part thereof pursuant to the EPC Contract) 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 subject to the fulfillment of the following conditions:

- (1) resolving all defects of the construction works within the warranty period and a quality confirmation letter issued by Jingqiao;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, the Consortium shall complete the quality repairs in accordance with the EPC Contract;
- (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 Jingqiao. All contracts for procurement of equipment and materials signed by the Consortium shall specify the warranty period, technical parameters for quality assurance and that the supplier shall be responsible to Jingqiao for quality assurance. Before the handover of the EPC Project to Jingqiao, the Consortium is responsible for coordinating with the equipment supplier for warranty-related matters; and

- (4) the issue of valid receipts for quality assurance fund by the Consortium to Jingqiao.

Subject to Jingqiao's consent, the quality assurance fund can be replaced by a letter of quality guarantee which is payable on demand.

Performance Guarantee:

Under the EPC Contract, the Consortium shall provide an independent letter of performance guarantee issued by a commercial bank (as agreed upon by Jingqiao) with an amount equivalent to 10% of the contract price under the EPC Contract (the "**Letter of Performance Guarantee**") within 30 days after the EPC Contract becomes effective, to guarantee the due performance by the Consortium of their obligations under the EPC Contract. In the event the provision of the Letter of Performance Guarantee is overdue, the Consortium shall pay the penalty in the amount of 0.01% of the contract price under the EPC Contract to Jingqiao for each day overdue. In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Jingqiao is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

The validity period of the Letter of Performance Guarantee shall expire upon Jingqiao's issuance of certificate confirming the completion acceptance of the construction.

In the event that the construction fails to pass the completion and acceptance inspection within 30 days before the expiration of the Letter of Performance Guarantee (the “**Reference Date**”), the Consortium shall proceed with the renewal procedures for the Letter of Performance Guarantee. In the event the renewal of the Letter of Performance Guarantee is overdue by the aforesaid deadline, the Consortium shall pay the penalty in the amount of 0.01% of the contract price under the EPC Contract to Jingqiao for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee is overdue by more than 20 days from the Reference Date, Jingqiao is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract, after the EPC Contract becomes effective and prior to Jingqiao’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 Jingqiao) with an amount equivalent to 10% of the contract price under the EPC Contract (the “**Letter of Advance Payment Guarantee**”), 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. In the event that the Advance Payment has not been fully utilized 30 days before the expiry of the Letter of Advance Payment Guarantee, the Consortium shall renew the Letter of Advance Payment Guarantee within 10 working days, otherwise Jingqiao is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

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

BASIS FOR DETERMINATION OF THE CONTRACT PRICE UNDER THE EPC CONTRACT

The contract price under the EPC Contract 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; and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

Having considered the development and the expected return from the investment in photovoltaic industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future.

The Group has accelerated the pace of expansion of the scale development of clean energy and expansion of the scale of the renewable energy business, which has been one of the key focuses of the Group in this regard. To the best of the Directors’ knowledge, Shanxi Electric Power Construction and Hunan Electric Power Design Institute are well-established companies with substantial experience in the construction and development of photovoltaic power generation projects in the PRC. The entering into of the EPC Contract 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 photovoltaic power plants in the renewable energy industry and diversify the clean energy portfolio through the construction of quality photovoltaic power generation projects so as to enhance returns to the Shareholders.

In view of the above, the Directors have reviewed the EPC Contract and are of the view that the terms and conditions of the EPC Contract 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.

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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.

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

Shanxi Electric Power Construction is a company established in the PRC with limited liability and is primarily engaged in, among others, commissioning of EPC projects, construction and design of engineering works, power transmission, power supply and installation, maintenance and testing of electrified power facilities. As at the date of this announcement, to the best information of the Directors, Shanxi Electric Power Construction is a wholly-owned subsidiary of China Energy Engineering.

Hunan Electric Power Design Institute is a company established in the PRC with limited liability and is primarily engaged in, among others, provision of engineering geological surveying services, engineering and technical consulting services, power engineering design and supervision and management of engineering project. As at the date of this announcement, to the best information of the Directors, Hunan Electric Power Design Institute is owned as to 34% by China Energy Engineering Group Planning and Engineering Co., Ltd.* (中國能源建設集團規劃設計有限公司), whose ultimate beneficial owner is China Energy Engineering, 26% by Tianjin Xiangneng Construction Enterprise Management Partnership (Limited Partnership)* (天津湘能建業企業管理合夥企業(有限合夥)), which is ultimately and beneficially owned in equal percentages by He Hongbo (何洪波), Zheng Jianguo (鄭建國), Guo Xianhao (郭先浩), Lei Yuanhua (雷遠華) and Rao Ning (饒寧), respectively, 15% by Hunan Energy Investment Group Co., Ltd.* (湖南省能源投資集團有限公司), whose ultimate beneficial owner is the SASAC of Hunan Provincial People's Government, 10% by Three Gorges Capital Holdings Co., Ltd.* (三峽資本控股有限責任公司), which is ultimately controlled by the SASAC of the State Council, 10% by Jiangsu Zhongtian Technology Co., Ltd.* (江蘇中天科技股份有限公司) (a joint stock company established in the PRC with limited liability and the shares of which are listed on the SSE (stock code: 600522)) and 5% by Huahui Engineering Design Group Co., Ltd.* (華匯工程設計集團股份有限公司), which is ultimately and beneficially owned as to approximately 29.4% by Ke Haijiang (柯海江), 28.2% by Yuan Jianhua (袁建華), and the remaining equity interest is ultimately and beneficially owned by certain individual shareholders with each holding no more than 10% equity interests in such company, respectively.

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.

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)
“connected persons”	has the meaning ascribed thereto under the Listing Rules

“Consortium”	a consortium comprising Shanxi Electric Power Construction (as the consortium leader) and Hunan Electric Power Design Institute (as the consortium member)
“Director(s)”	director(s) of the Company
“China Energy Engineering”	China Energy Engineering Corporation Limited* (中國能源建設股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 3996) and on the SSE (stock code: 601868), respectively
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Jingqiao and the Consortium dated 2 May 2024 in relation to the construction of the EPC Project
“EPC Project”	the photovoltaic power generation project located in Chongqing, the PRC with a total planned construction capacity of 150MW
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Electric Power Design Institute”	China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd.* (中國能源建設集團湖南省電力設計院有限公司), a company established in the PRC with limited liability
“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
“Jingqiao”	Jingqiao (Fengjie County) New Energy Co., Ltd.* (京橋(奉節縣)新能源有限公司), a company established in the PRC with limited liability and a 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 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
“Shanxi Electric Power Construction”	China Energy Engineering Group Shanxi No.1 Electric Power Construction Engineering Co., Ltd.* (中國能源建設集團山西電力建設第一有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“SSE”	The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SASAC”	The State-owned Assets Supervision and Administration Commission
“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, 2 May 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