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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 TOTAL OF 64MW DISTRIBUTED PHOTOVOLTAIC PROJECTS
IN HEBEI PROVINCE, THE PRC**

THE EPC CONTRACT

On 16 January 2024, Jinglai, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with Powerchina Chongqing, as the contractor. Pursuant to the EPC Contract, Powerchina Chongqing will provide EPC services to Jinglai for the construction of the EPC Projects. The Consideration under the EPC Contract amounted to approximately RMB203 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 reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 16 January 2024, Jinglai, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with Powerchina Chongqing, as the contractor. Pursuant to the EPC Contract, Powerchina Chongqing will provide EPC services to Jinglai for the construction of the EPC Projects. The Consideration under the EPC Contract amounted to approximately RMB203 million (tax inclusive).

THE EPC CONTRACT

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

- Date: 16 January 2024
- Parties: (i) Jinglai (as the principal)
- (ii) Powerchina Chongqing (as the contractor)

The principal terms in respect of the EPC Project 1 under the EPC Contract are set out as below:

Subject Matter: Powerchina Chongqing agreed to serve as the EPC contractor to provide EPC services to Jinglai for the construction of the EPC Project 1. The EPC services in respect of the EPC Project 1 under the EPC Contract include, among others, the survey, design, procurement of equipment (including but not limited to photovoltaic component(s), frame(s), inverter(s), high and low voltage distribution cabinet(s), cable(s), surveillance system(s)), external coordination work(s), handling of construction permit(s) or document(s) required by the roof owner(s), construction (including but not limited to factory reinforcement and waterproofing, cable trench excavation, bridge erection and ground grid connection), grid connection, system inspection, testing, production preparation, trial running until acceptance of completion, technical services, defects resolution and all other necessary works required for the functioning of the EPC Project 1.

Powerchina Chongqing shall be responsible for all the relevant expenses incurred for the construction of the EPC Project 1.

Powerchina Chongqing shall implement and complete the construction of the EPC Project 1 in accordance with the EPC Contract and remedy any failure or defects during the one-year warranty period of the EPC Project 1 carried out under the EPC Contract.

Construction Period:

The construction of the EPC Project 1 shall commence upon the signed and written notice from Jinglai, and is expected to complete within 183 calendar days from the date on which the signed and written notice has been served under the EPC Contract.

Contract Price 1 and
Payment Method:

The contract price in respect of the EPC Project 1 under the EPC Contract is approximately RMB18 million (tax inclusive) (“**Contract Price 1**”) which consists of equipment and materials payment, construction and installation payment and design and other payment, the details of the payment structure are as follow:

Payments & fees	<i>Approximately RMB’ million</i>
1. Equipment and materials payment	10
2. Construction and installation payment	7
3. Design and other payment	<u>1</u>
Total	<u><u>18</u></u>

The payment shall be settled as follows:

(i) Milestone Payment

Based on the progress of the EPC Project 1 and the receipt of the relevant invoice(s), Jinglai shall pay to Powerchina Chongqing with respect to the construction and installation payment, equipment and materials payment and design and other payment from Contract Price 1. In furtherance to the above, Jinglai shall pay up to 97% of the construction and installation payment, up to 95% of the equipment and materials payment and up to 95% of the design and other payment from Contract Price 1 upon the fulfilment of certain conditions set out under the EPC Contract, including, among others, achieving satisfactory results from the inspection by Jinglai of the completed EPC Project 1, completion of settlement audit for the EPC Project 1, and special value-added tax invoice(s) issued by Powerchina Chongqing.

(ii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment and 5% of the design and other payment from Contract Price 1 under the EPC Contract shall be retained by Jinglai as quality assurance fund (“**Quality Assurance Fund 1**”) and paid to Powerchina Chongqing (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 1 subject to the fulfilment of the following conditions regarding EPC Project 1:

- (1) resolving all defects of the construction works of the EPC Project 1 within the warranty period and a quality confirmation letter issued by Jinglai;

- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, Powerchina Chongqing shall complete the quality repairs 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 one year, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by Powerchina Chongqing to Jinglai. All equipment and materials procurement contracts signed by Powerchina Chongqing shall expressly specify the warranty period, the technical parameters for quality assurance and the supplier shall be responsible to Jinglai for quality assurance and that Powerchina Chongqing shall be responsible for coordinating with the equipment supplier to coordinate quality assurance before the overall production and transfer of the EPC Project 1.

The Quality Assurance Fund 1 can be replaced by a letter of quality guarantee which is payable on demand.

Performance Guarantee:

Under the EPC Contract, with respect to the construction of the EPC Project 1, Powerchina Chongqing shall provide a letter of performance guarantee issued by a commercial bank (as agreed upon by Jinglai) with an amount equivalent to 10% of the Contract Price 1 which is payable on demand (the “**Letter of Performance Guarantee 1**”) within 30 days after the EPC Contract becomes effective, to guarantee the due performance by Powerchina Chongqing of its obligations under the EPC Contract. In the event the provision of the Letter of Performance Guarantee 1 is overdue, Powerchina Chongqing shall pay to Jinglai penalty in the amount of 0.01% of the Contract Price 1 for each day overdue. In the event the provision of the Letter of Performance Guarantee 1 is overdue by more than 60 days, Jinglai is entitled to terminate the EPC Contract and Powerchina Chongqing will be responsible for any losses incurred thereunder.

The validity period of the Letter of Performance Guarantee 1 shall expire upon Jinglai’s issuance of certificate confirming the completion and acceptance of the construction of the EPC Project 1.

In the event that the construction of the EPC Project 1 fails to pass the completion and acceptance inspection within 30 days before the expiration of the Letter of Performance Guarantee (the “**Reference Date 1**”), Powerchina Chongqing shall proceed with the renewal procedures for the Letter of Performance Guarantee 1. In the event the renewal of the Letter of Performance Guarantee 1 is overdue by the aforesaid deadline, Powerchina Chongqing shall pay to Jinglai penalty in the amount of 0.01% of the Contract Price 1 for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee 1 is overdue by more than 20 days from the Reference Date 1, Jinglai is entitled to terminate the EPC Contract and Powerchina Chongqing will be responsible for any losses incurred thereunder.

The principal terms in respect of the EPC Project 2 under the EPC Contract are set out as below:

Subject Matter: Powerchina Chongqing agreed to serve as the EPC contractor to provide EPC services to Jinglai for the construction of the EPC Project 2. The EPC services in respect of the EPC Project 2 under the EPC Contract include, among others, the survey, design, procurement of all equipment (including but not limited to photovoltaic frame(s), inverter(s), high and low voltage distribution cabinet(s), cable(s), surveillance system(s) and excluding photovoltaic component(s)), external coordination work(s), handling of construction permit(s) or document(s) as required by the land owner(s), construction (including but not limited to cable trench excavation, bridge erection and ground grid connection), grid connection, system inspection, testing, production preparation, trial running until acceptance of completion, technical services, defects resolution, all land coordination works and all other necessary work required for the functioning of the EPC Project 2.

Powerchina Chongqing shall be responsible for all the relevant expenses incurred for the construction of the EPC Project 2 except for land use tax in photovoltaic area and ground rent.

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

Construction Period: The construction of the EPC Project 2 shall commence upon the signed and written notice from Jinglai, and is expected to complete within 365 calendar days from the date on which the signed and written notice has been served under the EPC Contract.

Contract Price 2 and Payment Method: The contract price in respect of the EPC Project 2 under the EPC Contract is approximately RMB185 million (tax inclusive) (“**Contract Price 2**”) which consists of equipment and materials payment, construction and installation payment, design and consulting payment and other payment, the details of the payment structure are as follow:

Payments & fees	<i>Approximately RMB' million</i>
1. Equipment and materials payment	67
2. Construction and installation payment	99
3. Design and consulting payment	6
4. Other payment	<u>13</u>
 Total	 <u><u>185</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the Contract Price 2 under the EPC Contract as advance payment (the “**Advance Payment**”) shall be paid to Powerchina Chongqing within 20 working days upon the fulfillment of the following conditions as reviewed and confirmed by Jinglai, including (i) the EPC Contract being signed and effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the Contract Price 2 under the EPC Contract, which is irrevocable and payable on demand) and the Letter of Advance Payment Guarantee (equivalent to 10% of the Contract Price 2 under the EPC Contract, which is unconditional, irrevocable, irrefutable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by Powerchina Chongqing to Jinglai.

(ii) Milestone Payment

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

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment and 5% of the design and consulting payment and 5% of other payment from Contract Price 2 under the EPC Contract shall be retained by Jinglai as quality assurance fund (“**Quality Assurance Fund 2**”) and paid to Powerchina Chongqing (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 2 subject to the fulfilment of the following conditions:

- (1) resolving all defects of the construction works of the EPC Project 2 within the warranty period and a quality confirmation letter issued by Jinglai;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, Powerchina Chongqing shall complete the quality repairs 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 one year, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by Powerchina Chongqing to Jinglai. All equipment and materials procurement contracts signed by Powerchina Chongqing shall expressly specify the warranty period, the technical parameters for quality assurance, the supplier shall be responsible to Jinglai for quality assurance and that Powerchina Chongqing shall be responsible for coordinating with the equipment supplier to coordinate quality assurance before the overall production and transfer of the EPC Project 2.

The Quality Assurance Fund 2 can be replaced by a letter of quality guarantee which is payable on demand.

Performance Guarantee:

Under the EPC Contract, with respect to the construction of the EPC Project 2, Powerchina Chongqing shall provide a letter of performance guarantee issued by a commercial bank (as agreed upon by Jinglai) with an amount equivalent to 10% of the Contract Price 2 which is payable on demand (the “**Letter of Performance Guarantee 2**”) within 30 days after the EPC Contract becomes effective, to guarantee the due performance by Powerchina Chongqing of its obligations under the EPC Contract. In the event the provision of the Letter of Performance Guarantee 2 is overdue, Powerchina Chongqing shall pay to Jinglai penalty in the amount of 0.01% of the Contract Price 2 for each day overdue. In the event the provision of the Letter of Performance Guarantee 2 is overdue by more than 60 days, Jinglai is entitled to terminate the EPC Contract and Powerchina Chongqing will be responsible for any losses incurred thereunder.

The validity period of the Letter of Performance Guarantee 2 shall expire upon Jinglai’s issuance of certificate confirming the completion and acceptance of the construction of the EPC Project 2.

In the event that the construction of the EPC Project 2 fails to pass the completion and acceptance inspection within 30 days before the expiration of the Letter of Performance Guarantee 2 (the “**Reference Date 2**”), Powerchina Chongqing shall proceed with the renewal procedures for the Letter of Performance Guarantee 2. In the event the renewal of the Letter of Performance Guarantee 2 is overdue by the aforesaid deadline, Powerchina Chongqing shall pay to Jinglai penalty in the amount of 0.01% of the Contract Price 2 for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee 2 is overdue by more than 20 days from the Reference Date 2, Jinglai is entitled to terminate the EPC Contract and Powerchina Chongqing will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract, after the EPC Contract becomes effective and prior to Jinglai's payment of the Advance Payment to Powerchina Chongqing, Powerchina Chongqing shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Jinglai) with an amount equivalent to the Advance Payment and payable on demand, to guarantee that the Advance Payment will be used in accordance with the terms of the EPC Contract ("**Letter of Advance Payment Guarantee**").

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, Powerchina Chongqing shall renew the Letter of Advance Payment Guarantee within 10 working days, otherwise Jinglai is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account:

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

BASIS FOR DETERMINATION OF THE CONSIDERATION UNDER THE EPC CONTRACT

The Consideration 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 contractor and the determination of the relevant contract price: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractor 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 Projects; 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 scale expansion development of clean energy and expansion of the scale of the renewable power business, which has been one of the key focuses of the Group in this regard. To the best of the Directors' knowledge, Powerchina Chongqing is well-established company with substantial experience in the construction and development of photovoltaic 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 plant 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.

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 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.

Jinglai 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 provision of solar and wind power generation and new energy technical services, contract energy management and the development, consultancy, exchange, assignment and promotion of technologies.

Powerchina Chongqing is a company established in the PRC with limited liability and is primarily engaged in construction, supervision and management of projects, businesses involving electricity transmission, supply and distribution, installation, maintenance and testing of electric power facilities and the installation, transformation and repair of special equipment. As at the date of this announcement, to the best information of the Directors, Powerchina Chongqing 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 Shanghai Stock Exchange (stock code: 601669).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Powerchina Chongqing and its 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
“Consideration”	collectively, Contract Price 1 and Contract Price 2
“Director(s)”	director(s) of the Company

“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Jinglai and Powerchina Chongqing dated 16 January 2024 in relation to the construction of the EPC Projects
“EPC Projects”	collectively, EPC Project 1 and EPC Project 2
“EPC Project 1”	the distributed photovoltaic project located in Zhangjiakou, Hebei Province, the PRC with a total planned construction capacity of 4MW
“EPC Project 2”	the distributed photovoltaic project located in Zhangjiakou, Hebei Province, the PRC with a total planned construction capacity of 96MW, of which the planned construction capacity for phase I is 60MW
“Group”	the Company and its subsidiaries
“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
“Jinglai”	Jinglai (Zhangjiakou) New Energy Co., Ltd.* (京萊(張家口)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
“Powerchina Chongqing”	Powerchina Chongqing Engineering Corporation Limited* (中國電建集團重慶工程有限公司), 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 same 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, 16 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*