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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 60MW DISTRIBUTED  
PHOTOVOLTAIC POWER GENERATION PROJECT  
IN YUNNAN PROVINCE, THE PRC**

**THE EPC CONTRACT**

On 31 October 2024, Baoshan Tengchong, a subsidiary of the Company, as the principal, entered into the EPC Contract with Heilongjiang Energy Engineering, as the contractor. Pursuant to the EPC Contract, Heilongjiang Energy Engineering will provide EPC services to Baoshan Tengchong for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB230 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 31 October 2024, Baoshan Tengchong, a subsidiary of the Company, as the principal, entered into the EPC Contract with Heilongjiang Energy Engineering, as the contractor. Pursuant to the EPC Contract, Heilongjiang Energy Engineering will provide EPC services to Baoshan Tengchong for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB230 million (tax inclusive).

## THE EPC CONTRACT

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

- Date: 31 October 2024
- Parties: (i) Baoshan Tengchong (as the principal)
- (ii) Heilongjiang Energy Engineering (as the contractor)
- Subject Matter: Heilongjiang Energy Engineering agreed to serve as the EPC contractor to provide EPC services to Baoshan Tengchong 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, compliance procedures, testing and acceptance works within the scope of the EPC Project.
- Heilongjiang Energy Engineering 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 Baoshan Tengchong, and is expected to be grid-connected with full capacity within 163 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 RMB230 million (tax inclusive) which consists of design and technical services payment, construction and engineering payment, installation and engineering payment, equipment and materials 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. Design and technical services payment	2
2. Construction and engineering payment	59
3. Installation and engineering payment	45
4. Equipment and materials payment	121
5. Other fees	<u>3</u>
 Total	 <u><u>230</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB46 million (tax inclusive)) as advance payment (the “**Advance Payment**”) shall be paid to Heilongjiang Energy Engineering 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); (iii) the issue of valid receipts with equivalent amounts by Heilongjiang Energy Engineering to Baoshan Tengchong, (iv) the EPC Project meeting the conditions for commencement upon confirmation by Baoshan Tengchong and (v) Heilongjiang Energy Engineering’s taking out of insurances pre-approved by Baoshan Tengchong and submission to Baoshan Tengchong evidences of effectiveness of such insurances and copies of the insurance policies.

(ii) Milestone Payment

Based on the progress of the EPC Project and the receipt of the relevant invoice(s), Baoshan Tengchong shall pay to Heilongjiang Energy Engineering with respect to design and technical services payment, construction and engineering payment, installation and engineering payment, equipment and materials payment and other fees. In furtherance to the above, Baoshan Tengchong shall pay up to 97% of the construction and engineering payment, 97% of the installation and engineering payment, 95% of the equipment and materials payment, 95% of the design and technical services payment and 100% of the other fees (representing an aggregate sum of up to approximately RMB220 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 Heilongjiang Energy Engineering.

(iii) Quality Assurance Fund

3% of the construction and engineering payment, 3% of the installation and engineering payment, 5% of the equipment and materials payment and 5% of design and technical services payment (representing an aggregate sum of approximately RMB10 million (tax inclusive)) under the EPC Contract shall be retained by Baoshan Tengchong as quality assurance fund and be paid to Heilongjiang Energy Engineering (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 fulfilment of the following conditions:

- (1) resolving all defects of the construction works within the warranty period and a quality confirmation letter issued by Baoshan Tengchong;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, Heilongjiang Energy Engineering 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 Heilongjiang Energy Engineering to Baoshan Tengchong. All contracts for procurement of equipment and materials signed by Heilongjiang Energy Engineering shall specify the warranty period and technical parameters for quality assurance, and that the suppliers shall be responsible to Baoshan Tengchong for quality assurance. Before the handover of the EPC Project to Baoshan Tengchong, Heilongjiang Energy Engineering is responsible for coordinating with the equipment suppliers for warranty-related matters; and
- (4) the issue of valid receipts for quality assurance fund by Heilongjiang Energy Engineering to Baoshan Tengchong.

Subject to Baoshan Tengchong'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, Heilongjiang Energy Engineering shall provide an independent letter of performance guarantee issued by a commercial bank (as agreed upon by Baoshan Tengchong) 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 Heilongjiang Energy Engineering of their obligations under the EPC Contract.

The validity period of the Letter of Performance Guarantee shall expire upon Baoshan Tengchong’s issuance of certificate confirming the completion acceptance of the construction.

In the event the provision of the Letter of Performance Guarantee falls due, Baoshan Tengchong is entitled to request from Heilongjiang Energy Engineering liquidated damages in the amount of 0.01% of the contract price for each day overdue. In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, in addition to being entitled to terminate the EPC Contract, Baoshan Tengchong is entitled to claim from Heilongjiang Energy Engineering for any losses incurred thereunder.

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**”), Heilongjiang Energy Engineering shall proceed with the renewal procedures for the Letter of Performance Guarantee, and any fee incurred in this connection shall be borne by Heilongjiang Energy Engineering. In the event Heilongjiang Energy Engineering has failed to complete the renewal of the Letter of Performance Guarantee 20 days ahead of the Reference Date, Heilongjiang Energy Engineering shall pay the liquidated damages in the amount of 0.01% of the contract price under the EPC Contract to Baoshan Tengchong for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee is overdue by more than 60 days, Baoshan Tengchong is entitled to terminate the EPC Contract and Heilongjiang Energy Engineering will be responsible for any losses incurred thereunder.

Advance Payment  
Guarantee:

Under the EPC Contract, after Heilongjiang Energy Engineering has obtained approval to commence work under the EPC Project and prior to Baoshan Tengchong’s payment of the Advance Payment to Heilongjiang Energy Engineering, Heilongjiang Energy Engineering shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Baoshan Tengchong) 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, Heilongjiang Energy Engineering shall renew the Letter of Advance Payment Guarantee until Baoshan Tengchong has issued the certificate confirming the completion acceptance of the construction within 20 days ahead of the expiry date of the Letter of Advance Payment Guarantee, and any fee incurred in this connection shall be borne by Heilongjiang Energy Engineering. Otherwise, Heilongjiang Energy Engineering shall pay the liquidated damages in the amount of 0.01% of the contract price under the EPC Contract to Baoshan Tengchong for each day overdue. If the renewal of the Letter of Advance Payment Guarantee has fallen due for 60 days, Baoshan Tengchong is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account:

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

Termination:

Subject to the terms and conditions of the EPC Contract, if Heilongjiang Energy Engineering fails to comply with such terms and conditions, Baoshan Tengchong shall notify Heilongjiang Energy Engineering 15 days prior to the date of giving a written notice of termination of the EPC Contract or part of the work thereunder, and Heilongjiang Energy Engineering is responsible for compensating Baoshan Tengchong for any loss suffered and paying Baoshan Tengchong liquidated damages in the amount of 30% of the contract price.

## **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 contractor and the determination of the 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, Heilongjiang Energy Engineering is a well-established company 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.

## **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.

## **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.

Baoshan Tengchong 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.

Heilongjiang Energy Engineering is a company established in the PRC with limited liability and is primarily engaged in, among others, general contracting of power engineering construction, contracting of overseas electrical engineering projects, tendering of domestic and international engineering projects and exporting of the equipment and materials required of the above projects. As at the date of this announcement, to the best information of the Directors, Heilongjiang Energy Engineering is a wholly-owned subsidiary of 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.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Heilongjiang Energy Engineering 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:

“Baoshan Tengchong”	Baoshan Tengchong Baoneng Jingtai New Energy Development Co., Ltd.* (保山騰沖保能景泰新能源開發有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“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
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Baoshan Tengchong and Heilongjiang Energy Engineering dated 31 October 2024 in relation to the construction of the EPC Project
“EPC Project”	the distributed photovoltaic power generation project located in Baoshan, Yunnan Province, the PRC with a total planned construction capacity of 60MW
“Group”	the Company and its subsidiaries
“Heilongjiang Energy Engineering”	China Energy Engineering Group Heilongjiang Energy Engineering Co., Ltd.* (中國能源建設集團黑龍江能源建設有限公司), 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
“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
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“SSE”	Shanghai Stock Exchange
“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, 31 October 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, Mr. Lu Xiaoyu and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming.*

\* For identification purpose only