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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 100MW PHOTOVOLTAIC
POWER PROJECT**

EPC CONTRACT

On 30 January 2022, Datong Jingneng, an indirect 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 Datong Jingneng, as the principal, for the construction of the Photovoltaic Power Project at the consideration of approximately RMB409.53 million. The Photovoltaic Power Project is located in Datong City, Shanxi Province, the PRC with planned construction capacity of 100MW.

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 30 January 2022, Datong Jingneng, an indirect 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 Datong Jingneng, as the principal, for the construction of the Photovoltaic Power Project at the consideration of approximately RMB409.53 million. The Photovoltaic Power Project is located in Datong City, Shanxi Province, the PRC with planned construction capacity of 100MW.

THE EPC CONTRACT

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

Date: 30 January 2022

Parties: (i) Datong Jingneng (as the principal)
(ii) SEPCOIII (as the contractor)

Subject matter: SEPCOIII agreed to serve as the EPC contractor to provide EPC services to Datong Jingneng for the construction of the Photovoltaic Power Project. The EPC services includes, among others, inspection and design, procurement of equipment, construction and installation, and adjustment and testing. SEPCOIII shall be responsible for all the expenses incurred for the construction of the Photovoltaic Power Project.

SEPCOIII shall design, implement and complete the construction of the Photovoltaic Power Project in accordance with the EPC Contract, and to remedy any failure or defects during the 12-months warranty period of the Photovoltaic Power Project carried out under the EPC Contract.

Construction period: The grid-connected power generation in full capacity shall take place on 30 June 2022 under the EPC Contract.

**Consideration and
payment method:**

The consideration of the EPC Contract is approximately RMB409.53 million (subject to (i) adjustment in case of change in national tax policies; and (ii) downward adjustment in case the actual grid-connected capacity is below 100MW), which consists of equipment and materials payment, construction installation payment, technical services payment, and shall be settled as follows:

(i) Advance Payment

20% of the Consideration as advance payment shall be paid within 30 working days upon the fulfillment of the following conditions, including (a) the EPC Contract being effective; (b) the parties to the EPC Contract having agreed on the timing for the commencement of construction; and (c) the receipt of the letter of performance guarantee, and the incontestable, irrevocable and payable on demand letter of guarantee for advance payment, each equivalent to 10% of the contract sum under the EPC Contract, and an advance payment receipt.

(ii) Payment for Equipment

80% of the price of the equipment delivered (inclusive of the relevant advance payment) shall be paid within 30 working days upon the fulfillment of the following conditions, including (a) the major construction equipment having been delivered to the site and been accepted; (b) Datong Jingneng having received and confirmed the delivery list and other proofs submitted by SEPCOIII; and (c) SEPCOIII having provided the VAT invoice and receipt in respect of the relevant payment amount.

(iii) Milestone Payment

Upon (a) the Photovoltaic Power Project having the requisite quality for becoming grid-connected and Datong Jingneng having confirmed the same; and (b) SEPCOIII having provided the VAT invoice and receipt in respect of the relevant payment amount, Datong Jingneng shall, within 30 working days, settle with SEPCOIII an amount (inclusive of the advance payment) equivalent to:

The installed capacity which has the requisite quality to become grid-connected (the installed capacity shall not exceed 100MW and it shall be treated as 100MW even if it exceeds 100MW) x Fixed single watt price x 80%

(iv) Payment for Grid Connection

Upon (a) the Photovoltaic Power Project becoming grid-connected and having commenced power generation; (b) having obtained the electricity purchase agreement and grid connection dispatch agreement (《併網調度協議》); and (c) SEPCOIII having provided the VAT invoice and receipt in respect of the relevant payment amount, Datong Jingneng shall, within 30 working days, settle with SEPCOIII an amount (inclusive of the advance payment) equivalent to:

The actual installed capacity for the Photovoltaic Power Project (the actual installed capacity shall not exceed 100MW and it shall be treated as 100MW even if it exceeds 100MW) x Fixed single watt price x 90%

(v) Payment for Acceptance of the Project

Upon (a) the Photovoltaic Power Project being completed and accepted and its quality having complied with the EPC Contract and the technical services agreement, or SEPCOIII having completed the remedial action and confirmed by both parties in writing in case there are any quality issues; (b) the settlement of the Photovoltaic Power Project having been completed and SEPCOIII having provided the deductible VAT invoice and receipt in respect of the entire amount of the settlement for the project; (c) SEPCOIII having collected, tidied up and transferred the relevant documents and information in accordance with Datong Jingneng's requirements and passed the documentation check; (d) SEPCOIII having promptly completed the account settlement for the Photovoltaic Power Project after the project acceptance and having provided the relevant VAT invoice and acceptance information, while Datong Jingneng having approved the account settlement, submitted the relevant information and made the relevant payment after the completion of project acceptance; (e) Datong Jingeng having paid in RMB by way of domestic payment to SEPCOIII in accordance with the requirements of the EPC Contract; and (f) SEPCOIII having paid the salary and remuneration to the relevant peasant workers and having provided the relevant payment proof to Datong Jingneng, Datong Jingneng shall, within 30 working days, settle with SEPCOIII an amount (inclusive of the advance payment) equivalent to 97% of the project settlement sum (工程結算金額).

(vi) Quality Assurance Fund

Under the EPC Contract, 3% of the project settlement sum shall be retained by Datong Jingneng which shall be paid to SEPCOIII within 30 working days after the expiration of the 12-months warranty period (starting from the date of the issuance of the project completion-based check and acceptance certificate (《工程竣工驗收鑒定書》)) and the fulfillment of the following conditions:

- (a) meeting the agreed technical standards stated in the EPC Contract. If there is any quality issue, SEPCOIII shall resolve the issue in accordance with the EPC Contract and confirm in writing by both parties;
- (b) resolving all failure or defects within the 12-months warranty period and confirm in writing by both parties; and
- (c) SEPCOIII having provided the receipt for the equivalent amount.

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 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 projects. 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 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.

Datong Jingneng is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of photovoltaic power projects.

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 enquires, 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 RMB409.53 million, being the consideration payable by Datong Jingneng to SEPCOIII for the construction of the Photovoltaic Power Project under the EPC Contract
“Datong Jingneng”	Datong City Yungang District Jingneng New Energy Co., Ltd.* (大同市雲岡區京能新能源有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Datong Jingneng and SEPCOIII dated 30 January 2022 in relation to the 100MW planned construction capacity of the Photovoltaic Power Project
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Project”	the on-grid photovoltaic power project located in Datong City, Shanxi Province, the PRC with planned construction capacity of 100MW
“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
“working day(s)”	any day other than Saturday, Sunday or public holiday in the PRC
“%”	per cent

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

Hong Kong, 30 January 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Wang Heng; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Zhao Bing 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