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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
IN SHANXI PROVINCE, THE PRC**

EPC CONTRACT

On 19 May 2022 (after trading hours), Lingshi Jinghe, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with Shanxi Electric Power Design Institute. Pursuant to the EPC Contract, Shanxi Electric Power Design Institute, acting as the contractor, will provide EPC services to Lingshi Jinghe, as the principal, for the construction of the Photovoltaic Power Project at the consideration of approximately RMB535.05 million. The Photovoltaic Power Project is located in Lingshi County, Jinzhong 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 19 May 2022 (after trading hours), Lingshi Jinghe, a non wholly-owned subsidiary of the Company, entered into the EPC Contract with Shanxi Electric Power Design Institute. Pursuant to the EPC Contract, Shanxi Electric Power Design Institute, acting as the contractor, will provide EPC services to Lingshi Jinghe, as the principal, for the construction of the Photovoltaic Power Project at the consideration of approximately RMB535.05 million. The Photovoltaic Power Project is located in Lingshi County, Jinzhong 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: 19 May 2022 (after trading hours)
- Parties:
- (i) Lingshi Jinghe (as the principal)
 - (ii) Shanxi Electric Power Design Institute (as the contractor)
- Subject matter:
- Shanxi Electric Power Design Institute agreed to serve as the EPC contractor to provide EPC services to Lingshi Jinghe for the construction of the Photovoltaic Power Project. The EPC services includes, among others, survey, design and consultancy services, procurement of equipment and material, construction and installation, and handling of relevant compliance procedures ancillary to the construction project and information handover. Shanxi Electric Power Design Institute shall be responsible for all the relevant expenses incurred for the construction of the Photovoltaic Power Project.
- Shanxi Electric Power Design Institute 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:
- Subject to the terms of the EPC Contract, the construction project shall commence from the date of the work commencement notice issued by the principal or supervisor of the construction project, and shall complete within three months after the grid-connected power generation in full capacity has taken place (tentatively to take place on 30 August 2022 under the EPC Contract).

Consideration and
payment method:

The Consideration of the EPC Contract is approximately RMB535.05 million which consists of construction and installation payment, equipment and materials payment, and design services and other fees payment, and shall be settled as follows:

(i) Advance Payment

20% of the Consideration as advance payment shall be paid upon the fulfillment of the following conditions, including (a) the EPC Contract being effective; (b) the receipt of the letter of performance guarantee and letter of guarantee for advance payment, each equivalent to 10% of the contract sum under the EPC Contract and shall be irrevocable and payable on demand; and (c) a receipt of advance payment issued by Shanxi Electric Power Design Institute to Lingshi Jinghe.

(ii) Milestone Payment

Based on the progress of the project, the submission of payment application(s) and the receipt of the relevant invoice(s) (where applicable), Lingshi Jinghe shall pay to Shanxi Electric Power Design Institute with respect to the construction and installation payment, equipment and materials payment and design services and other fees payment.

In furtherance to the above, Lingshi Jinghe shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, and 90% of the design service and other fees payment upon the fulfillment of relevant conditions set out under the EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project, certification of the final account, completion of relevant compliance procedures and receipt of the relevant invoice(s) (to the extent applicable).

(iii) Quality Assurance Fund

Under the EPC Contract, 3% of the construction and installation payment, 5% of the equipment and materials payment, and 10% of the design service and other fees payment shall be retained by Lingshi Jinghe (the “**Quality Assurance Fund**”), but shall be paid to Shanxi Electric Power Design Institute upon the fulfilment of the following conditions:

- (1) the submission of completion settlement documents and application for Quality Assurance Fund by Shanxi Electric Power Design Institute, and the completion of audit by Lingshi Jinghe 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 Shanxi Electric Power Design Institute in favour of Lingshi Jinghe.

Performance guarantee:

Under the EPC Contract, Shanxi Electric Power Design Institute 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 Shanxi Electric Power Design Institute of its obligations under the EPC Contract.

The letter of performance guarantee shall be released upon receipt of the project completion-based check and acceptance certificate (工程竣工驗收證書).

Advance payment
guarantee:

Under the EPC Contract, as a prerequisite of payment of the advance payment, Shanxi Electric Power Design Institute 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 guarantee for advance payment shall be released once the advanced payment is fully utilized 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, Shanxi Electric Power Design Institute shall provide a letter of quality guarantee issued by a qualified bank with an amount equivalent to the Quality Assurance Fund, to guarantee the due performance of the obligation of Shanxi Electric Power Design Institute to rectify all defects during the 12-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 Lingshi Jinghe;
- (2) all agreed technical standards stated in the EPC Contract have been met; and if there is any quality issue, Shanxi Electric Power Design Institute 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 one year, Shanxi Electric Power Design Institute shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Lingshi Jinghe.

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, Shanxi Electric Power Design Institute is a well-established company with substantial experience in the construction and development of photovoltaic power 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 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.

Lingshi Jinghe is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of photovoltaic power projects.

Shanxi Electric Power Design Institute is a company established in the PRC with limited liability and is principally engaged in consultancy, research and development, surveying and design, construction contracting and investment management in the fields of thermal power generation and new energy power generation, etc. Shanxi Electric Power Design Institute is an indirect wholly-owned subsidiary of China Energy Engineering Corporation Limited. China Energy Engineering Corporation Limited is a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (Stock Code: 3996), and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601868).

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, Shanxi Electric Power Design Institute 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 RMB535.05 million, being the consideration payable by Lingshi Jinghe to Shanxi Electric Power Design Institute for the construction of the Photovoltaic Power 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 Lingshi Jinghe and Shanxi Electric Power Design Institute dated 19 May 2022 in relation to the 100MW planned construction capacity of the Photovoltaic Power Project
“Group”	the Company and its subsidiaries
“Lingshi Jinghe”	Lingshi Jinghe Photovoltaic Power Generation Co., Ltd.* (靈石京合光伏發電有限公司), 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 Project”	the on-grid photovoltaic power project located in Lingshi County, Jinzhong 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
“Shanxi Electric Power Design Institute”	China Energy Engineering Group Shanxi Electric Power Design Institute Co., Ltd.* (中國能源建設集團山西省電力勘測設計院有限公司), 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, 19 May 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. 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*