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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 THE FACILITY WITHIN A 173.1MW SOLAR FARM
LOCATED IN AUSTRALIA**

THE EPC CONTRACT

On 2 December 2022 (after trading hours), Wollar Solar, a wholly-owned subsidiary of the Company, as the Principal, entered into the EPC Contract with the Contractor. Pursuant to the EPC Contract, the Contractor will perform the Works in relation to the construction of the Facility. The Contract Price of the EPC Contract amounted to approximately AUD\$131.81 million.

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 2 December 2022 (after trading hours), Wollar Solar, a wholly-owned subsidiary of the Company, as the Principal, entered into the EPC Contract with the Contractor.

PRINCIPAL TERMS OF THE EPC CONTRACT

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

- Date: 2 December 2022 (after trading hours)
- Parties:
- (i) Principal: Wollar Solar, a wholly-owned subsidiary of the Company; and
 - (ii) Contractor: Sunterra Energy, a third party independent of the Company and connected persons of the Company as at the date of this announcement.
- Scope of Works: The works under the EPC Contract (the “**Works**”) include all materials to be supplied by the Contractor, and the whole of the works and services to be performed by the Contractor, in relation to the design, engineering, procurement, supply, construction, installation, testing, commissioning and hand over the facility (the “**Facility**”) within a 173.1MW solar farm under the EPC Contract, including:
- (a) three 33kV feeders and 15 medium voltage transformers which is permitted to, and capable of, injecting the full rated capacity connected to those 33kV feeders on an unconditional, permanent and unconstrained basis (“**Section A**”);
 - (b) Section A, plus additional three 33kV feeders and 15 medium voltage transformers which is permitted to, and capable of, injecting the full rated capacity connected to those 33kV feeders on an unconditional, permanent and unconstrained basis (“**Section B**” together with Section A, collectively referred to as “**Sections**” and each, a “**Section**”); and

- (c) ancillary parts, including supervisory control and data acquisition system, power collection systems, on-site and off-site communication systems, meteorological stations and associated equipment, operation and maintenance facilities, civil works, harmonic filters, power plant controller and security system (the “**Common Facilities**”).

In addition, the Contractor shall guarantee the achievement of the performance test criterion set forth in the EPC Contract.

Commencement: The Works shall commence upon the issue of a notice to proceed (the “**Notice to Proceed**”) by the Principal to the Contractor.

Completion: Categorized by different criteria set forth in the EPC Contract, the completion of the Works is divided into following stages: (i) the Works for the construction of the relevant Sections are mechanically and electrically completed (the “**Mechanical Completion**”), (ii) the Works for the construction of the relevant Sections are completed except for minor omissions and defects permitted under the EPC Contract (the “**Sectional Completion**”), (iii) the Works for the construction of the Facility (including the Common Facilities) are completed except for minor omissions and defects permitted under the EPC Contract (the “**Facility Completion**”) and (iv) the expiration of the defects liability period and the final completion of the Facility (the “**Final Completion**”). Upon each completion stage, the Principal will issue the corresponding completion certificates to the Contractor.

Contract Price and
payment method:

The Contract Price is a fixed lump-sum price amounted to approximately AUD\$131.81 million.

Pursuant to the EPC Contract, the payment shall be made in the below manners:

(a) Payment Milestones

The major payment milestones stipulated in the EPC Contract (collectively, the “**Payment Milestones**”, and each, a “**Payment Milestone**”) are summarised as following:

- (i) advance payment of up to 27.5% of the Contract Price (the “**Advance Payment**”) will be paid upon the issue of the Notice to Proceed and the provision of the Project Guarantee (as defined below) by the Contractor;
- (ii) an aggregate of 22.0% of the Contract Price will be paid upon the mobilisation of the construction site, completion of the foundations of the medium voltage stations, as well as completion of the roads and civil works construction;
- (iii) an aggregate of 39.5% of the Contract Price will be paid upon the Mechanical Completion of Section A; and 2% of the Contract Price will be further paid upon the Mechanical Completion of Section B; and
- (iv) upon each of the Sectional Completion of the Section A and Section B, as well as the Facility Completion, 3% of the Contract Price will be paid respectively.

Pursuant to the EPC Contract, the abovementioned major Payment Milestones are further divided into various sub-Payment Milestones.

When the Contractor considers that it has achieved a particular Payment Milestone, the Contractor must give the Principal's representative a written notice. Within 10 business days after the receipt of the abovementioned notice, the Principal's representative must either (i) give the Contractor a certificate (the "**Payment Milestone Certificate**") if the Payment Milestone has been achieved, or (ii) notify the Contractor in writing that it considers that the Payment Milestone has not been achieved and identifying any outstanding works that prevent the Payment Milestone from being achieved.

For Mechanical Completion, Sectional Completion and Facility Completion, the relevant completion certificates shall be regarded as Payment Milestone Certificates for the corresponding Payment Milestones.

(b) Payment Claims

The Contractor may submit to the Principal's representative payment claims (the "**Payment Claims**") claiming (i) the amounts stated in the Payment Milestone Certificate; and (ii) all other amounts then due to the Contractor pursuant to the provisions of the EPC Contract.

The first Payment Claim in relation to the Advance Payment may be submitted by the Contractor only after the commencement of the Works and the provision of designated bank guarantees stipulated in the EPC Contract. The following Payment Claims may be submitted: (i) on the 25th day of the calendar month until the date of Facility Completion; (ii) 10 business days after the date of Facility Completion; (iii) after the Final Completion and the due of the final payment claim pursuant to the terms of the EPC Contract; and/or (iv) within 20 business days after the termination of the EPC Contract.

(c) Payment Certificate

Within 10 business days after the receipt of a Payment Claim, the Principal's representative shall issue to the Contractor the corresponding payment certificate (the "**Payment Certificate**"), which sets out (i) amount payable for each completed Payment Milestone, (ii) the amounts otherwise due from the Principal to the Contractor or the Contractor to the Principal, (iii) the value of the materials, goods or equipment not incorporated into the Works which the Principal's representative has approved for payment pursuant to the terms of the EPC Contract, (iv) any amount that the Principal's representative reasonably believes is not payable to the Contractor, and (v) the amount payable by the Principal to the Contractor or by the Contractor to the Principal, as the case may be.

(d) Payment

- (i) The Principal must pay the amount set out in the Payment Certificate as owing to the Contractor within 15 business days after receipt of a valid Payment Claim.
- (ii) If the Payment Certificate shows an amount is payable by the Contractor to the Principal, the Contractor must pay that amount within 15 business days of receipt of the Payment Certificate.

Taxation, duties and tariffs:

Pursuant to the EPC Contract, the Contractor must pay, or ensure the payment of:

- (a) all taxes imposed and assessments made in connection with the Works or the EPC Contract (other than taxes relating to the income of the Principal);
- (b) the cost of all export and import licenses if required, and all export and import taxes, duties or tariffs on services and materials imported by the Contractor in connection with, or for the purposes of, the Works or the EPC Contract; and

- (c) all harbour dues, pilotage fees, port fees, wharf fees, loading or unloading costs, demurrage costs, gang fees and all excesses for such dues, costs or fees.

Bank guarantees:

Pursuant to the EPC Contract, the Contractor must:

- (a) within 20 business days of the date of the EPC Contract, provide to the Principal the project bank guarantee up to 27.5% of the Contract Price (the “**Project Guarantee**”). The Project Guarantee shall be returned within 10 business days after the later of: (i) the issue of certificate of Facility Completion by the Principal’s representative; (ii) the successful completion of the relevant testing; and (iii) the provision of the First Defects Bank Guarantee as mentioned below;
- (b) within 10 business days after the date the certificate of Facility Completion is issued, provide to the Principal the first defects bank guarantee equivalent to 10% of the Contract Price (the “**First Defects Bank Guarantee**”). The First Defects Bank Guarantee shall be returned within 10 business days after the later of: (i) two years after the date of Facility Completion; (ii) the provision of the second defects bank guarantee as mentioned below; and (iii) the Principal has recovered the relevant liquidated damages stipulated under the EPC Contract (if any); and
- (c) on the date of two years after the date of Facility Completion, provide to the Principal the second defects bank guarantee equivalent to the lesser of (i) 5% of the Contract Price, or (ii) 120% of the cost of the rectification of defects identified during the defects liability period specified in the EPC Contract (the “**Second Defects Bank Guarantee**”). The Second Defects Bank Guarantee shall be returned on the later of: (i) within 10 business days after the certificate of Final Completion; and (ii) in case of a dispute arises under the EPC Contract, the final determination of the dispute.

BASIS FOR DETERMINATION OF THE CONTRACT PRICE

The Contract Price was determined by the parties after arm's length negotiation and through a tender 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 Facility; 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 the solar farm industry in Australia, the Company is optimistic about the prospect of such industry in the foreseeable future. To the best of the Directors' knowledge, the Contractor is a well-established company with substantial experience in the construction and development of photovoltaic power generation projects in Australia. The Directors are of the view that the EPC Contract will enable the Company to further expand its scale of business and is a concrete step to implement its overseas development strategies. 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 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

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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.

The Principal is a wholly-owned subsidiary of the Company incorporated in Australia with limited liability. As at the date of this announcement, the Principal primarily engaged in the investment, development and operation of photovoltaic power generation projects in Australia.

The Contractor is a company incorporated in Australia with limited liability and is a contractor of various photovoltaic power generation and energy reserve generation EPC projects. As at the date of this announcement, to the best information of the Directors, the ultimate beneficial owner of the Contractor is a natural person named Zhou Qian.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner 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:

“AUD\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors of the Company
“business day(s)”	a day other than (i) Saturday, Sunday or a public holiday in Sydney, Australia; and (ii) 27, 28, 29, 30 and 31 December
“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)
“Contractor” or “Sunterra Energy”	Sunterra Energy Pty Ltd, a company incorporated in Australia with limited liability, and a third party independent of the Company and connected persons of the Company as at the date of this announcement
“Contract Price”	the total contract price in consideration for the Contractor’s performance of its obligations under the EPC Contract, which is a fixed lump-sum price amounted to approximately AUD\$131.81 million

“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between the Principal and the Contractor dated 2 December 2022 in relation to the construction of the Facility
“Group”	the Company and its subsidiaries
“kV”	Kilovolt
“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
“Principal” or “Wollar Solar”	Wollar Solar Development Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 2 December 2022

As at the date of this announcement, the executive Directors are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive Directors are Mr. Zhao Bing, Mr. Su Yongjian, Mr. Li Hao and Mr. Lu Xiaoyu; and the independent non-executive Directors are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.