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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
CONTRACTS RELATING TO 165MW
FORESTRY-PHOTOVOLTAIC COMPLEMENTARY POWER
GENERATION PROJECTS IN YUNNAN PROVINCE, THE PRC**

THE EPC CONTRACTS

On 25 August 2023, Shidian Zhuoyang, an indirect subsidiary of the Company, as the principal, entered into the EPC Contracts with Powerchina Jiangxi, as the contractor. Pursuant to the EPC Contracts, Powerchina Jiangxi will provide EPC services to Shidian Zhuoyang for the construction of the EPC Projects. The aggregate contract price under the EPC Contracts amounted to approximately RMB769 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the EPC Contracts were entered into with Powerchina Jiangxi on the same date, the EPC Contracts will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the entering into of the EPC Contracts (in aggregate) exceeds 5% but is less than 25%, the entering into of the EPC Contracts, in aggregate, 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 25 August 2023, Shidian Zhuoyang, an indirect subsidiary of the Company, as the principal, entered into the EPC Contracts with Powerchina Jiangxi, as the contractor. Pursuant to the EPC Contracts, Powerchina Jiangxi will provide EPC services to Shidian Zhuoyang for the construction of the EPC Projects. The aggregate contract price under the EPC Contracts amounted to approximately RMB769 million (tax inclusive).

THE EPC CONTRACTS

The EPC Contracts consist of the EPC Contract A, the EPC Contract B, the EPC Contract C and the EPC Contract D. Unless otherwise specified, the principal terms set out below are applicable to the EPC Contract A, the EPC Contract B, the EPC Contract C and the EPC Contract D:

Date: 25 August 2023

Parties: (i) Shidian Zhuoyang (as the principal)
(ii) Powerchina Jiangxi (as the contractor)

Subject Matter: Powerchina Jiangxi agreed to serve as the EPC contractor to provide EPC services to Shidian Zhuoyang for the construction of the EPC Projects. The EPC services include, among others, design and technical services, procurement of equipment and materials, construction and installation, testing and acceptance works. Powerchina Jiangxi shall be responsible for all the relevant expenses incurred for the construction of the EPC Projects.

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

Construction Period: The construction of the EPC Projects shall commence upon the written notice of Shidian Zhuoyang, and is expected to complete by 31 December 2023.

Contract Price and Payment Method: The EPC Contract A: approximately RMB148 million (tax inclusive)

The EPC Contract B: approximately RMB283 million (tax inclusive)

The EPC Contract C: approximately RMB214 million (tax inclusive)

The EPC Contract D: approximately RMB124 million (tax inclusive)

The contract prices under the EPC Contracts consist of design and technical services payment, construction and installation payment, equipment and materials payment and other fees, and shall be settled as follows:

(i) Advance Payment

20% of the contract price under the respective EPC Contract as advance payment shall be paid to Powerchina Jiangxi upon the fulfillment of the following conditions, including (i) the respective EPC Contract being effective; (ii) the receipt of the independent letter of performance guarantee and independent letter of advance payment guarantee and are unconditional, irrevocable, irrefutable and payable on demand; and (iii) the receiving of a receipt for advance payment from Powerchina Jiangxi to Shidian Zhuoyang.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Shidian Zhuoyang shall pay to Powerchina Jiangxi with respect to the equipment and materials payment, construction and installation payment, design and technical services payment and other fees. In furtherance to the above, Shidian Zhuoyang shall pay up to 95% of the design and technical services payment, 97% of the construction and installation payment and 95% of the equipment and materials payment upon the fulfilment of certain conditions set out under the respective EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

Under the respective EPC Contract, 5% of the design and technical services payment, 3% of the construction and installation payment and 5% of the equipment and materials payment under the respective EPC Contract shall be retained by Shidian Zhuoyang as quality assurance fund and paid to Powerchina Jiangxi until the expiration of the warranty period, which is one year starting from the date of the acceptance of the project completion-based check, and the fulfillment of the following conditions:

- (1) all defects of the construction have been rectified within the warranty period, and a quality confirmation letter has been issued by Shidian Zhuoyang;
- (2) all agreed technical standards stated in the respective EPC Contract have been met. If there are quality issues, Powerchina Jiangxi having completed the quality repairs in accordance with the respective EPC Contract; and

- (3) where the equipment warranty period is longer than one year, Powerchina Jiangxi shall be responsible for unconditionally transferring the warranty to Shidian Zhuoyang before the end of the warranty period.

Escrow Account:

Powerchina Jiangxi shall establish an escrow account (the “**Escrow Account**”) for receiving payments under the EPC Contracts, which shall be jointly managed by Shidian Zhuoyang and Powerchina Jiangxi, and subject to the terms specified in the EPC Contracts. During the course of the project, 70% of each payment paid by Shidian Zhuoyang shall be deposited into the Escrow Account (the usage of the fund shall be approved by Shidian Zhuoyang and for the sole purpose of the EPC Projects), and the remaining 30% shall be paid to Powerchina Jiangxi at the reasonable disposal of Powerchina Jiangxi, but which shall nonetheless be used solely and exclusively for the EPC Projects.

Performance Guarantee:

Pursuant to the respective EPC Contract, Powerchina Jiangxi shall provide an independent letter of performance guarantee issued by a bank, as agreed upon by the parties, with an amount equivalent to 10% of the contract price under the respective EPC Contract within 30 days after the respective EPC Contract becomes effective, to guarantee the due performance by Powerchina Jiangxi of its obligations under the respective EPC Contract.

The letter of performance guarantee shall be released upon the acceptance of the project completion-based check and acceptance of the respective EPC Project.

Advance Payment
Guarantee:

Under the respective EPC Contract, as a prerequisite of payment of the advance payment, Powerchina Jiangxi shall provide an independent letter of advance payment guarantee issued by a bank, as agreed by the parties, with an amount equivalent to 10% of the contract price under the respective EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the respective EPC Contract.

The letter of advance payment guarantee shall be released once the advance payment is fully utilized along the progress of the project in accordance with the terms of the respective EPC Contract.

BASIS FOR DETERMINATION OF THE CONTRACT PRICES UNDER THE EPC CONTRACTS

The contract prices under the EPC Contracts were 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 contractors and the determination of the relevant 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 Projects; and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACTS

Having considered the development and the expected return from the investment in the photovoltaic industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future.

To the best of the Directors' knowledge, Powerchina Jiangxi is a well-established company with substantial experience in the construction and development of photovoltaic power generation projects in the PRC.

The EPC Contracts will enable the Company to further expand its scale of business in the photovoltaic industry 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 Contracts and are of the view that the terms and conditions of the EPC Contracts 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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As the highest applicable percentage ratio in respect of the entering into of the EPC Contracts (in aggregate) exceeds 5% but is less than 25%, the entering into of the EPC Contracts, in aggregate, 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.

Shidian Zhuoyang is an indirect subsidiary of the Company established in the PRC with limited liability and ultimately owned as to 65.7% by the Company as at the date of this announcement. It is primarily engaged in the supply of electricity and heat production. The remaining shareholding is owned as to 33.56%, 0.56% and 0.18% by the Baoshan Parties, Yunan Province Local Power Industrial Development Co., Ltd.* (雲南省地方電力實業開發有限公司) and China Three Gorges Renewables (Group) Co., Ltd. (中國三峽新能源(集團)股份有限公司), respectively as at the date of this announcement.

Powerchina Jiangxi is a company incorporated in the PRC with limited liability and is primarily engaged in power generation engineering and construction. As at the date of this announcement, to the best information of the Directors, Powerchina Jiangxi is owned as to 90% by Power Construction Corporation of China, Ltd.* (中國電力建設股份有限公司) and owned as to 10% by Gongqingcheng Qiming New Investment Partnership Corporation (Limited Partnership)* (共青城啟明新投資合夥企業(有限合夥)). Power Construction Corporation of China, Ltd. is a joint stock company incorporated in the PRC with limited liability, with its A shares listed on the Shanghai Stock Exchange (stock code: 601669).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Powerchina Jiangxi 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:

"Baoshan Parties"	a group of six companies which comprise Baoshan City State Asset Operation Co., Ltd.* (保山市國有資產經營有限責任公司), Tengchong County State Asset Operation Co., Ltd.* (騰沖縣國有資產經營有限責任公司), Longling County State Asset Operation Co., Ltd.* (龍陵縣國有資產經營有限責任公司), Shidian County State Asset Operation Group Co., Ltd.* (施甸縣國有資產經營集團有限責任公司), Baoshan City Longyang District State Asset Operation Co., Ltd.* (保山市隆陽區國有資產經營有限責任公司), and Changning County State Asset Operation Co., Ltd.* (昌寧縣國有資產經營有限責任公司)
"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)
"Director(s)"	director(s) of the Company
"EPC"	engineering, procurement and construction
"EPC Contract A"	the EPC contract entered into between Shidian Zhuoyang and Powerchina Jiangxi dated 25 August 2023 in relation to the construction of the EPC Project A
"EPC Contract B"	the EPC contract entered into between Shidian Zhuoyang and Powerchina Jiangxi dated 25 August 2023 in relation to the construction of the EPC Project B
"EPC Contract C"	the EPC contract entered into between Shidian Zhuoyang and Powerchina Jiangxi dated 25 August 2023 in relation to the construction of the EPC Project C

“EPC Contract D”	the EPC contract entered into between Shidian Zhuoyang and Powerchina Jiangxi dated 25 August 2023 in relation to the construction of the EPC Project D
“EPC Contracts”	collectively, the EPC Contract A, the EPC Contract B, the EPC Contract C and the EPC Contract D, each a “EPC Contract”
“EPC Project A”	the forestry-photovoltaic complementary power generation project located in Baoshan City, Yunnan Province, the PRC with planned construction capacity of 35MW
“EPC Project B”	the forestry-photovoltaic complementary power generation project located in Baoshan City, Yunnan Province, the PRC with planned construction capacity of 55MW
“EPC Project C”	the forestry-photovoltaic complementary power generation project located in Baoshan City, Yunnan Province, the PRC with planned construction capacity of 45MW
“EPC Project D”	the forestry-photovoltaic complementary power generation project located in Baoshan City, Yunnan Province, the PRC with planned construction capacity of 30MW
“EPC Projects”	collectively, the EPC Project A, the EPC Project B, the EPC Project C and the EPC Project D, each a “EPC Project”
“Group”	the Company and its subsidiaries
“Hong Kong”	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
“Powerchina Jiangxi”	Powerchina Jiangxi Electric Power Engineering Co., Ltd.* (中國電建集團江西省電力設計院有限公司), a company established in the PRC with limited liability

“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
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Shidian Zhuoyang”	Baoshan Shidian Zhuoyang New Energy Development Co., Ltd.* (保山施甸焯陽新能源開發有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it 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, 25 August 2023

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*