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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 50MW
WIND POWER GENERATION PROJECT IN
XIZANG AUTONOMOUS REGION, THE PRC**

THE EPC CONTRACT

On 8 February 2024, Xizang Jingneng, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with Sichuan Electric Power Engineering, as the contractor. Pursuant to the EPC Contract, Sichuan Electric Power Engineering will provide EPC services to Xizang Jingneng for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB300 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 reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 8 February 2024, Xizang Jingneng, a non wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract with Sichuan Electric Power Engineering, as the contractor. Pursuant to the EPC Contract, Sichuan Electric Power Engineering will provide EPC services to Xizang Jingneng for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB300 million (tax inclusive).

THE EPC CONTRACT

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

Date: 8 February 2024

Parties: (i) Xizang Jingneng (as the principal)
(ii) Sichuan Electric Power Engineering (as the contractor)

Subject Matter: Sichuan Electric Power Engineering agreed to serve as the EPC contractor to provide EPC services to Xizang Jingneng for the construction of the EPC Project. The EPC services under the EPC Contract include, among others, the survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works (including governmental and special acceptance) of the EPC Project. Sichuan Electric Power Engineering shall be responsible for all the relevant expenses incurred for the construction of the EPC Project.

In addition, Sichuan Electric Power Engineering shall also be responsible for all temporary land use, compliance procedures, revegetation, external coordination arising out of and in connection with the construction of the EPC Project, and satisfaction of all inspection and acceptance works, testing, technical rectification and other works in relation to electrical grid before inspection and acceptance of settlement.

Sichuan Electric Power 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 Xizang Jingneng, and is expected to complete within 573 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 RMB300 million (tax inclusive) which consists of equipment procurement payment, construction, installation and engineering payment, other fees and design and technical services payment, and the details of the payment structure are as follow:

Payments & fees	<i>Approximately RMB' million</i>
1. Equipment procurement payment	182
2. Construction, installation and engineering payment	84
3. Other fees	30
4. Design and technical services payment	<u>4</u>
Total	<u><u>300</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB60 million (tax inclusive)) as advance payment (the “**Advance Payment**”) shall be paid to Sichuan Electric Power Engineering upon the fulfillment of the following conditions, including (i) the EPC Contract being signed and effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract, and is irrevocable and payable on demand) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the EPC Contract, and is irrevocable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by Sichuan Electric Power Engineering to Xizang Jingneng.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Xizang Jingneng shall pay to Sichuan Electric Power Engineering with respect to equipment procurement payment, construction, installation and engineering payment, other fees and design and technical services payment. In furtherance to the above, Xizang Jingneng shall pay up to 95% of the equipment procurement payment, 97% of the construction, installation and engineering payment, 95% of the other fees and 95% of the design and technical services payment (representing an aggregate sum of up to approximately RMB287 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 Sichuan Electric Power Engineering.

(iii) Quality Assurance Fund

5% of the equipment procurement payment, 3% of the construction, installation and engineering payment, 5% of other fees and 5% of design and technical services payment (representing an aggregate sum of approximately RMB13 million (tax inclusive)) under the EPC Contract shall be retained by Xizang Jingneng as quality assurance fund and be paid to Sichuan Electric Power 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 fulfillment of the following conditions:

- (1) resolving all defects of the construction works and equipment within the warranty period and a quality confirmation letter issued by Xizang Jingneng;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, Sichuan Electric Power Engineering shall complete the quality repairs 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, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by Sichuan Electric Power Engineering to Xizang Jingneng.

Performance
Guarantee:

Under the EPC Contract, Sichuan Electric Power Engineering shall provide a letter of performance guarantee issued by a commercial bank (as agreed upon by Xizang Jingneng) 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 Sichuan Electric Power Engineering of their obligations under the EPC Contract.

The validity period of the Letter of Performance Guarantee shall expire upon the completion and settlement of the EPC Project.

In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Xizang Jingneng is entitled to terminate the EPC Contract and Sichuan Electric Power Engineering will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract, after the EPC Contract becomes effective and prior to Xizang Jingneng’s payment of the Advance Payment to Sichuan Electric Power Engineering, Sichuan Electric Power Engineering shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Xizang Jingneng) with an amount equivalent to the amount of the Advance Payment 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 EPC Project in accordance with the terms of the EPC Contract. In the event that the Advance Payment has not been fully utilised 30 days before the expiry of the Letter of Advance Payment Guarantee, Sichuan Electric Power Engineering shall renew the Letter of Advance Payment Guarantee within 10 working days, otherwise Xizang Jingneng is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account:

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

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 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 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 wind power generation in the renewable energy industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future. Surrounding the national large bases plan, the layout of large-scale wind power generation bases in “Northeast China, North China and Northwest China” is expected to be accelerated.

The Group has accelerated the pace of scale expansion development of clean energy and expansion of the scale of the wind power business, which has been one of the key focuses of the Group in this regard. To the best of the Directors' knowledge, Sichuan Electric Power Engineering is a well-established company with substantial experience in the construction and development of renewable energy 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 wind power station in the renewable energy industry and diversify the clean energy portfolio through the construction of quality wind 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

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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.

Xizang Jingneng is a company established in the PRC with limited liability and is a non wholly-owned subsidiary of the Company. It is primarily engaged in power generation business, power transmission business and power supply (distribution) business.

Sichuan Electric Power Engineering is a company established in the PRC with limited liability, which is principally engaged in power generation engineering and construction. It is a wholly-owned subsidiary of Power Construction Corporation of China Ltd.* (中國電力建設股份有限公司), a joint stock company established 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, Sichuan Electric Power 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:

“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 Xizang Jingneng and Sichuan Electric Power Engineering dated 8 February 2024
“EPC Project”	the wind power generation project located in Sa’gya County Shigatse City, Xizang Autonomous Region, the PRC with the planned construction capacity of 50MW
“Group”	the Company and its subsidiaries
“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
“Sichuan Electric Power Engineering”	Powerchina Sichuan Electric Power Engineering Co., Ltd.* (四川電力設計諮詢有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Power Construction Corporation of China Ltd.* (中國電力建設股份有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Xizang Jingneng”	Sajia County Jingneng New Energy Co., Ltd.* (薩迦縣京能新能源有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 8 February 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 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