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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 190MW
PHOTOVOLTAIC POWER GENERATION PROJECT IN
YUNNAN PROVINCE, THE PRC**

THE EPC CONTRACT

On 22 May 2024, Qujing Zhanyi, a subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Qujing Zhanyi for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB636 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 notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 22 May 2024, Qujing Zhanyi, a subsidiary of the Company, as the principal, entered into the EPC Contract with the Consortium, as the contractors. Pursuant to the EPC Contract, the Consortium will provide EPC services to Qujing Zhanyi for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB636 million (tax inclusive).

THE EPC CONTRACT

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

Date: 22 May 2024

Parties: (i) Qujing Zhanyi (as the principal)
(ii) the Consortium (as the contractors)

Subject Matter: The Consortium agreed to serve as the EPC contractors to provide EPC services to Qujing Zhanyi for the construction of the EPC Project. The EPC services under the EPC Contract include, among others, all survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works within the scope of the EPC Project.

The Consortium shall be responsible for all the relevant expenses incurred for the construction of the EPC Project.

The Consortium 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 Qujing Zhanyi, and is expected to be grid-connected with full capacity within 60 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 RMB636 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and consultancy payment and other fees. Payment for the contract price under the EPC Contract can be made by cash deposits, or banker's or trade acceptance, of which the latter cannot exceed 30% of the contract price under the EPC Contract. The details of the payment structure are as follows:

Payments & fees	<i>Approximately RMB' million</i>
1. Equipment and materials payment	498
2. Construction and installation payment	121
3. Design and consultancy payment	3
4. Other fees	14
Total	<u><u>636</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB127 million (tax inclusive)) as advance payment (the “**Advance Payment**”) shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the EPC Contract being signed and effective; (ii) the receipt of the independent letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract, and is unconditional, irrevocable and payable on demand) and the Letter of Advance Payment Guarantee (as defined below) (equivalent to 10% of the contract price under the EPC Contract, and is unconditional, irrevocable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by the Consortium to Qujing Zhanyi.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Qujing Zhanyi shall pay to the Consortium with respect to equipment and materials payment, construction and installation payment, design and consultancy payment and other fees. In furtherance to the above, Qujing Zhanyi shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the design and consultancy payment and 100% of the other fees (representing an aggregate sum of up to approximately RMB607 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 the Consortium.

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment and 5% of design and consultancy payment (representing an aggregate sum of approximately RMB29 million (tax inclusive)) under the EPC Contract shall be retained by Qujing Zhanyi as quality assurance fund and be paid to the Consortium (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 within the warranty period and a quality confirmation letter issued by Qujing Zhanyi;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, the Consortium shall complete the quality repairs in accordance with the EPC Contract;

- (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 the Consortium to Qijing Zhanyi. All contracts for procurement of equipment and materials signed by the Consortium shall specify the warranty period and technical parameters for quality assurance, and that the suppliers shall be responsible to Qijing Zhanyi for quality assurance. Before the handover of the EPC Project to Qijing Zhanyi, the Consortium is responsible for coordinating with the equipment suppliers for warranty-related matters; and
- (4) the issue of valid receipts for quality assurance fund by the Consortium to Qijing Zhanyi.

Subject to Qijing Zhanyi's consent, the quality assurance fund can be replaced by a letter of quality guarantee which is payable on demand.

Performance Guarantee:

Under the EPC Contract, the Consortium shall provide an independent letter of performance guarantee issued by a commercial bank (as agreed upon by Qijing Zhanyi) 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 the Consortium of their obligations under the EPC Contract. In the event the provision of the Letter of Performance Guarantee is overdue, Qijing Zhanyi may delay payment for Advance Payment. In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Qijing Zhanyi is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

The validity period of the Letter of Performance Guarantee shall expire upon Qijing Zhanyi's issuance of certificate confirming the completion acceptance of the construction.

In the event that the construction fails to pass the completion and acceptance inspection within 30 days before the expiration of the Letter of Performance Guarantee (the "**Reference Date**"), the Consortium shall proceed with the renewal procedures for the Letter of Performance Guarantee. In the event the renewal of the Letter of Performance Guarantee is overdue by the aforesaid deadline, the Consortium shall pay the penalty in the amount of 0.01% of the contract price under the EPC Contract to Qijing Zhanyi for each day overdue. In the event the provision of the renewed Letter of Performance Guarantee is overdue by more than 20 days from the Reference Date, Qijing Zhanyi is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

Advance Payment
Guarantee:

Under the EPC Contract, after the EPC Contract becomes effective and prior to Qijing Zhanyi's payment of the Advance Payment to the Consortium, the Consortium shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Qijing Zhanyi) with an amount equivalent to 10% of the contract price 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 project in accordance with the terms of the EPC Contract. In the event that the Advance Payment has not been fully utilized 30 days before the expiry of the Letter of Advance Payment Guarantee, the Consortium shall renew the Letter of Advance Payment Guarantee within 10 working days, otherwise Qijing Zhanyi is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account: The Consortium shall establish an escrow account (the “**Escrow Account**”) for receiving certain payments under the EPC Contract, which shall be jointly managed by Qujing Zhanyi and the Consortium, and subject to the terms specified in the EPC Contract. The usage of the fund in the Escrow Account shall be approved by Qujing Zhanyi and for the sole purpose of 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 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 photovoltaic industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future.

The Group has accelerated the pace of expansion of the scale development of clean energy and expansion of the scale of the renewable energy business, which has been one of the key focuses of the Group in this regard. To the best of the Directors’ knowledge, China Railway Electrification Engineering and Kunming Automation are well-established companies with substantial experience in the construction and development of photovoltaic 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 photovoltaic power plants in the renewable energy industry and diversify the clean energy portfolio 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 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.

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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.

Qujing Zhanyi is a company established in the PRC with limited liability and is a subsidiary of the Company. It is primarily engaged in power generation business, power transmission business and power supply (distribution) business.

China Railway Electrification Engineering is a company established in the PRC with limited liability and is primarily engaged in undertaking the whole of a construction project, undertaking a specialized contract and internet access service business. As at the date of this announcement, to the best information of the Directors, China Railway Electrification Engineering is a wholly-owned subsidiary of CRCC.

Kunming Automation is a joint stock company established in the PRC with limited liability and listed on the National Equities Exchange And Quotations (stock code: 832848), and is primarily engaged in, among others, general contracting of EPC services, labor subcontracting and design, survey and consultation of new energy power generation projects. As at the date of this announcement, to the best information of the Directors, Kunming Automation is ultimately beneficially owned as to approximately 85.45% by Li Nan (李楠) and ultimately beneficially owned by 17 individual shareholders with each holding no more than 5% equity interests in Kunming Automation, respectively.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each member of the Consortium and their 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
“China Railway Electrification Engineering”	China Railway 22nd Bureau Group Electrification Engineering Co., Ltd.* (中鐵二十二局集團電氣化工程有限公司), a company established in the PRC with limited liability
“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
“Consortium”	a consortium comprising China Railway Electrification Engineering (as the consortium leader) and Kunming Automation (as the consortium member)
“CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of Stock Exchange (stock code: 1186) and the SSE (stock code: 601186), respectively
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Qujing Zhanyi and the Consortium dated 22 May 2024 in relation to the construction of the EPC Project
“EPC Project”	the photovoltaic power generation project located in Yunnan Province, the PRC with a total planned construction capacity of 190MW
“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
“Kunming Automation”	Kunming Automation Whole Set of Equipment Business Group Co., Ltd* (昆明自動化成套集團股份有限公司), a joint stock company established in the PRC with limited liability
“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
“Qujing Zhanyi”	Qujing Zhanyi Jingxi New Energy Co., Ltd.* (曲靖沾益京西新能源有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto 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, 22 May 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