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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 100MW
WIND POWER GENERATION PROJECT IN
JILIN PROVINCE, THE PRC**

THE EPC CONTRACT

On 4 November 2024, Jilin Zhuolang, 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 Jilin Zhuolang for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB550 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 4 November 2024, Jilin Zhuolang, 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 Jilin Zhuolang for the construction of the EPC Project. The contract price under the EPC Contract amounted to approximately RMB550 million (tax inclusive).

THE EPC CONTRACT

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

Date: 4 November 2024

Parties: (i) Jilin Zhuolang (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 Jilin Zhuolang 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 and installation, testing and acceptance works. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the EPC Project.

In addition, the Consortium shall also be responsible for all permanent and temporary land acquisition, compliance procedures, revegetation and external coordination, etc., arising out of and in connection with 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 Jilin Zhuolang, and is expected to complete within 304 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 RMB550 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 follow:

Payments & fees	Approximately RMB' million
1. Equipment and materials payment	215
2. Construction and installation payment	271
3. Design and consultancy payment	6
4. Other fees	<u>58</u>
Total	<u><u>550</u></u>

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB110 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 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 (as defined below) (equivalent to 10% of the contract price under the EPC Contract, and is unconditional, irrevocable, irrefutable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by the Consortium to Jilin Zhuolang.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jilin Zhuolang shall pay to the Consortium with respect to the construction and installation payment, equipment and materials payment, design and consultancy payment and other fees. In furtherance to the above, Jilin Zhuolang 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 95% of the other fees (representing an aggregate sum of up to approximately RMB527 million, 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, special value-added tax invoice(s) issued by the Consortium and obtaining relevant compliance approvals (if applicable).

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment, 5% of the design and consultancy payment and 5% of other fees (representing an aggregate sum of approximately RMB23 million) under the EPC Contract shall be retained by Jilin Zhuolang 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 and equipment within the warranty period and a quality confirmation letter issued by Jilin Zhuolang;

- (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; 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 the Consortium to Jilin Zhuolang.

Subject to Jilin Zhuolang'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 a letter of performance guarantee issued by a commercial bank (as agreed upon by Jilin Zhuolang) 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.

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

In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Jilin Zhuolang 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 Jilin Zhuolang'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 Jilin Zhuolang) 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.

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 Jilin Zhuolang is entitled to enforce the Letter of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

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.

Escrow Account:

The Consortium shall establish escrow account(s) (the "**Escrow Account**") for receiving certain payments under the EPC Contract, which shall be jointly managed by Jilin Zhuolang and the member(s) of 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 Jilin Zhuolang 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 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, China Water Resources Beifang and Jingdian Energy Engineering are well-established companies 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.

Jilin Zhuolang 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 Water Resources Beifang is a company established in the PRC with limited liability, which is principally engaged in engineering design, surveying and mapping. As at the date of this announcement, to the best information of the Directors, China Water Resources Beifang is owned as to 51% by the General Institute of Water Conservancy and Hydropower Planning and Design of the Ministry of Water Resources* (水利部水利水電規劃設計總院), a PRC governmental body, 40% by Haihe River Water Conservancy Commission of the Ministry of Water Resources* (水利部海河水利委員會) and 9% by the agency service bureau of the Ministry of Water Resources* (水利部機關服務局).

Jingdian Energy Engineering is a company established in the PRC with limited liability and is primarily engaged in, among others, commissioning of EPC Project relating to electric power engineering (including thermal power stations, wind power stations, solar power stations, power transmission and transformation projects), commissioning of special professional engineering works, architectural construction and water conservation and hydropower projects. As at the date of this announcement, to the best information of the Directors, Jingdian Energy Engineering is a wholly-owned subsidiary of Jingdian Energy Technology Group Co., Ltd.* (京電能源科技集團有限公司), a company established in the PRC with limited liability, which is ultimately and beneficially owned by Liu Mingjun* (劉明軍) and Xu Yongxi* (徐永喜) as to approximately 96% and 4%, 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 Water Resources Beifang”	China Water Resources Beifang Investigation, Design and Research Co., Ltd.* (中水北方勘测設計研究有限責任公司), 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 Water Resources Beifang (as the consortium leader) and Jingdian Energy Engineering (as the consortium member)
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Jilin Zhuolang and the Consortium dated 4 November 2024 in relation to the construction of the EPC Project
“EPC Project”	the wind power generation project located in Songyuan City, Jilin Province, the PRC with a total planned construction capacity of 100MW
“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

“Jilin Zhuolang”	Jilin Zhuolang New Energy Co., Ltd.* (吉林卓朗新能源有限公司), a company established in the PRC with limited liability
“Jingdian Energy Engineering”	Jingdian Energy Engineering Group Co., Ltd.* (京電能源工程集團有限公司), a 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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“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, 4 November 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, Mr. Lu Xiaoyu and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming.

* For identification purpose only