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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 110MW
PHOTOVOLTAIC POWER GENERATION PROJECT IN
YUNNAN PROVINCE, THE PRC**

THE EPC CONTRACT

On 5 November 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 RMB362 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 5 November 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 RMB362 million (tax inclusive).

THE EPC CONTRACT

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

Date: 5 November 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 91 calendar days from the date on which the written notice has been served under the EPC Contract.

Contract Price and
Payment Method:

The total contract price under the EPC Contract is approximately RMB362 million (tax inclusive), among which approximately RMB6 million (tax inclusive) and approximately RMB356 million (tax inclusive) are payable to Hainan Electric Power Engineering and Yunnan Lvyu respectively under the EPC Contract. The contract price 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 | 226 |
| 2. Construction and installation payment | 112 |
| 3. Design and consultancy payment | 3 |
| 4. Other fees | 21 |
| | <hr/> |
| Total | <u><u>362</u></u> |

The payment shall be settled as follows:

(i) Advance Payment

20% of the contract price under the EPC Contract (representing approximately RMB72 million (tax inclusive)) as advance payment (the “**Advance Payment**”) shall be paid to Hainan Electric Power Engineering and Yunnan Lvyu in the amount of approximately RMB1 million (tax inclusive) and approximately RMB71 million (tax inclusive), respectively, upon the fulfillment by each of Hainan Electric Power Engineering and Yunnan Lvyu of the following conditions, including (i) the EPC Contract being signed and effective; (ii) the provision of a Letter of Performance Guarantee (as defined below, and is unconditional, irrevocable and payable on demand) and a Letter of Advance Payment Guarantee (as defined below, and is unconditional, irrevocable and payable on demand) to Qujing Zhanyi; and (iii) the issue of valid receipts with equivalent amounts 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 RMB349 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 RMB13 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, each of Hainan Electric Power Engineering and Yunnan Lvyu shall provide an independent letter of performance guarantee issued by a commercial bank (as agreed upon by Qujing Zhanyi) with an amount of approximately RMB0.6 million and RMB35.6 million respectively, which in aggregate is equivalent to 10% of the contract price under the EPC Contract (each a “**Letter of Performance Guarantee**”, and collectively, the “**Letters 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 Hainan Electric Power Engineering or Yunnan Lvyu’s provision of the Letter of Performance Guarantee is overdue, Qujing Zhanyi may delay payment for the corresponding Advance Payment. In the event the provision of any Letter of Performance Guarantee is overdue by more than 60 days, Qujing Zhanyi is entitled to terminate the EPC Contract and the Consortium will be responsible for any losses incurred thereunder.

The validity period of the Letters of Performance Guarantee shall expire upon Qujing 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 Letters of Performance Guarantee (the “**Reference Date**”), each of Hainan Electric Power Engineering and Yunnan Lvyu shall proceed with the renewal procedures for their respective Letter of Performance Guarantee. In the event the renewal of any Letter of Performance Guarantee is overdue by the aforesaid deadline, members of the Consortium shall pay the liquidated damages 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 Letters of Performance Guarantee is overdue by more than 20 days from the Reference Date, Qijing Zhanyi is entitled to terminate the EPC Contract and members of 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, each of Hainan Electric Power Engineering and Yunnan Lvyu shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Qijing Zhanyi) with an amount of approximately RMB0.6 million and approximately RMB35.6 million respectively, which in aggregate is equivalent to 10% of the contract price under the EPC Contract (each a “**Letter of Advance Payment Guarantee**”, and collectively, “**Letters of Advance Payment Guarantee**”), to guarantee that their corresponding Advance Payment will be used in accordance with the terms of the EPC Contract.

The Letters of Advance Payment Guarantee shall be released once the corresponding 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 to either Hainan Electric Power Engineering or Yunnan Lvyu has not been fully utilized 30 days before the expiry of the Letter of Advance Payment Guarantee, Hainan Electric Power Engineering or Yunnan Lvyu (as the case may be) shall renew its corresponding Letter of Advance Payment Guarantee within 10 working days, otherwise Qujing Zhanyi is entitled to enforce the corresponding Letters of Advance Payment Guarantee on demand and deduct the Advance Payment therefrom.

Escrow Account:

Yunnan Lvyu 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 Yunnan Lvyu, 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, Hainan Electric Power Engineering and Yunnan Lvyu 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.

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.

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.

Hainan Electric Power Engineering is a company established in the PRC with limited liability and is primarily engaged in construction and power generation engineering. As at the date of this announcement, to the best information of the Directors, Hainan Electric Power Engineering 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).

Yunnan Lvyu is a company established in the PRC with limited liability, and is primarily engaged in, among others, power distribution, construction and power generation engineering. As at the date of this announcement, to the best information of the Directors, Yunnan Lvyu is directly beneficially owned as to 60%, 30% and 10% by Du Yune* (杜雲鄂), Hou Banghu* (侯邦虎) and Hou Jianbang* (侯建邦), 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:

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| “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 |
| “Consortium” | a consortium comprising Hainan Electric Power Engineering (as the consortium leader) and Yunnan Lvyu (as the consortium member) |
| “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 5 November 2024 in relation to the construction of the EPC Project |
| “EPC Project” | the photovoltaic power generation project located in Panjiang Town, Yunnan Province, the PRC with a total planned construction capacity of 110MW |
| “Group” | the Company and its subsidiaries |
| “Hainan Electric Power Engineering” | Powerchina Hainan Electric Power Engineering Co., Ltd.* (中國電建集團海南電力設計研究院有限公司), a company established in the PRC with limited liability |
| “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 |
| “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 |

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|-------------------|--|
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “Yunnan Lvyu” | Yunnan Lvyu Energy Co., Ltd* (雲南綠宇能源有限公司), a company established in the PRC with limited liability |
| “%” | per cent |

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

Hong Kong, 5 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*