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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 CONSTRUCTION (EPC) CONTRACTS RELATING TO THE AGRICULTURAL PHOTOVOLTAIC POWER PROJECT

EPC CONTRACTS

On 3 September 2021 (after trading hours), Jingneng Photovoltaic, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract A and EPC Contract B with Nenggao Automation respectively. Pursuant to the EPC Contracts, Nenggao Automation, acting as the contractor, will provide EPC services to Jingneng Photovoltaic, as the principal, for the construction of the Agricultural Photovoltaic Power Project at the aggregate consideration of approximately RMB436.36 million. The Agricultural Photovoltaic Power Project is located in Qixia, Yantai, Shandong Province, the PRC with a planned construction capacity of 112MW.

LISTING RULES IMPLICATIONS

As the EPC Contract A and EPC Contract B were both entered into with Nenggao Automation on the same date, the EPC Contract A and EPC Contract B 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 3 September 2021 (after trading hours), Jingneng Photovoltaic, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract A and EPC Contract B with Nenggao Automation respectively. Pursuant to the EPC Contracts, Nenggao Automation, acting as the contractor, will provide EPC services to Jingneng Photovoltaic, as the principal, for the construction of the Agricultural Photovoltaic Power Project at the aggregate consideration of approximately RMB436.36 million. The Agricultural Photovoltaic Power Project is located in Qixia, Yantai, Shandong Province, the PRC with a planned construction capacity of 112MW.

THE EPC CONTRACTS

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

Date: 3 September 2021 (after trading hours)

Parties: (i) Jingneng Photovoltaic (as the principal)
(ii) Nenggao Automation (as the contractor)

Subject Matter: Nenggao Automation agreed to serve as the EPC contractor to provide EPC services to Jingneng Photovoltaic for the construction of the Agricultural Photovoltaic Power Project. The scope of EPC services includes, among others, construction examination, site preparation, engineering design, manufacture, procurement, transportation, civil engineering, installation of equipment, equipment manufacturing supervision, adjustment and testing of equipment, staff training, system preparation and performance test. Nenggao Automation shall be responsible for all the expenses incurred for the construction of the Agricultural Photovoltaic Power Project.

Nenggao Automation shall design, implement and complete the construction of the Agricultural Photovoltaic Power Project in accordance with the EPC Contracts, and to remedy any failure, defects or delays caused by Nenggao Automation during the warranty period or the construction of the Agricultural Photovoltaic Power Project carried out under the EPC Contracts.

Construction commencement and expected completion date:

The construction period under each of the EPC Contracts shall be 412 calendar days, commencing from the date of the work commencement notice issued by the principal or supervisor of the relevant construction project and subject to the terms of the respective EPC Contracts.

Consideration and Payment Method:

The EPC Contract A: RMB259,741,439.90

The EPC Contract B: RMB176,614,209.40

Each of the consideration of the EPC Contract A and the EPC Contract B shall be settled as follows:

(i) Advance Payment

20% of the Consideration as advance payment to be paid within 10 working days after the receipt of (a) the letter of performance guarantee (to be detailed further below) and (b) the letter of advance payment guarantee and the relevant invoice(s) from Nenggao Automation;

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingneng Photovoltaic shall pay to Nenggao Automation with respect to the purchase of photovoltaic equipment, construction process payment, and payment for completion of grid-connected power generation. In furtherance to the above, Jingneng Photovoltaic shall pay up to 97% of the consideration (inclusive of the advance payment aforementioned) under the relevant EPC Contract within 10 working days after the fulfilment of certain conditions set out under the relevant EPC Contract, including but not limited to, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

Under each of the EPC Contract A and EPC Contract B, 3% of the contractual sum under the relevant EPC Contract (the “**Quality Assurance Fund**”) shall be paid by Jingneng Photovoltaic to Nenggao Automation within 20 working days upon receiving the letter of quality assurance from Nenggao Automation. Jingneng Photovoltaic shall be entitled to be compensated by Nenggao Automation from the Quality Assurance Fund if Nenggao Automation failed to fulfill the following conditions during the warranty period:

- (1) Meet the agreed technical standards stated in the EPC Contracts. If there is quality issue, Nenggao Automation shall resolve the issue in accordance with the EPC Contracts, which shall be further confirmed in writing by both parties.
- (2) Resolve all quality issues within the warranty period, which is 12 months upon issue of the project completion-based check and acceptance certificate (《工程竣工驗收鑒定書》), and which shall be further confirmed in writing by both parties.

**Performance
guarantee:**

Under each of the EPC Contract A and EPC Contract B, within 15 days after signing and execution of the relevant contracts, Nenggao Automation shall provide to Jingneng Photovoltaic a letter of performance guarantee issued by a qualified bank with an amount equivalent to 10% of the contract sum under the relevant EPC Contract.

The relevant letter of performance guarantee shall be released within 30 days after, among others, all the relevant construction works having satisfactorily completed and receipt of the project completion-based check and acceptance certificate.

Basis of determination of the Consideration: The Consideration was determined by the parties after arms length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar size projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; and (iv) the expected power capacity (measured in watts) of the Agricultural Photovoltaic Power Project.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACTS

Having considered the development and the expected return from investment in the photovoltaic industry in the PRC, the Company is optimistic about the prospect of the photovoltaic industry in the PRC in the foreseeable future. To the best of the Directors' knowledge, Nenggao Automation is a well-established company in the PRC with experience in the construction and development of energy projects. 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 project so as to enhance returns to the Shareholders.

In view of the above, the Directors 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

As the EPC Contract A and EPC Contract B were both entered into with Nenggao Automation on the same date, the EPC Contract A and EPC Contract B 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.

INFORMATION OF PARTIES

The Company is a company incorporated in Bermuda with limited liability 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 renewable energy projects.

Jingneng Photovoltaic is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of photovoltaic projects.

Nenggao Automation is an other joint stock company (unlisted) established in the PRC with limited liability and is principally engaged in, among others, (1) the research and development of new energy and the manufacturing, installation and sales of new energy-related products; (2) the construction and installation of new energy projects; and (3) investment in and operation of wind power and solar power projects and the related technological services.

As at the date of this announcement, to the best information and knowledge of the Directors, Nenggao Automation was held as to approximately 40.72% by Beijing Shidai Jinhong Investment Co., Ltd.* (北京時代錦鴻投資有限公司) (“**Shidai Jinhong Investment**”), a company established in the PRC whose scope of business includes investment management and was in turn held as to 50% by Mr. Jia Limin (賈利民). Mr. Jia Limin also directly held approximately 10.49% of the equity interests in Nenggao Automation. In addition, BEH indirectly held approximately 13.92% of the equity interests in Nenggao Automation. Save for the above, there were no other shareholders holding more than 30% interests in Nenggao Automation or Shidai Jinhong Investment.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, save for the aforementioned indirect shareholding interests of BEH in Nenggao Automation, Nenggao Automation 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.

DEFINITION

“Agricultural Photovoltaic Power Project”	the agricultural on-grid photovoltaic power project located in Qixia, Yantai, Shandong Province, the PRC with a planned construction capacity of 112MW
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company
“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)
“Consideration”	RMB436,355,649.30, being the aggregate consideration payable by Jingneng Photovoltaic to Nenggao Automation for the construction of the Agricultural Photovoltaic Power Project under the EPC Contracts
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract A”	the EPC contract entered into between Jingneng Photovoltaic and Nenggao Automation dated 3 September 2021 in relation to the 59MW planned construction capacity of the Agricultural Photovoltaic Power Project
“EPC Contract B”	the EPC contract entered into between Jingneng Photovoltaic and Nenggao Automation dated 3 September 2021 in relation to the 53MW planned construction capacity of the Agricultural Photovoltaic Power Project
“EPC Contracts”	the EPC Contract A and the EPC Contract B, and each a “EPC Contract”
“Group”	the Company and its subsidiaries

“Jingneng Photovoltaic”	Jingneng (Yantai Qixia) Photovoltaic Power Co., Ltd.* (京能(烟台棲霞市)光伏發電有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“KW”	kilowatt(s), which equals 1,000 watts
“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
“Nenggao Automation”	Beijing Nenggao Automation Technology Corporation Limited* (北京能高自動化技術股份有限公司), an other joint stock company (unlisted) established in 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 issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 3 September 2021

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Zhao Bing and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* For identification purposes only