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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 TRANSACTIONS

- (1) PROCUREMENT AND CONSTRUCTION CONTRACT RELATING TO 240MW COMBINED NATURAL GAS HEATING COOLING AND POWER GENERATION PROJECT IN GUANGDONG PROVINCE, THE PRC; AND**
- (2) ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT RELATING TO 100MW FISHERY-PHOTOVOLTAIC COMPLEMENTARY POWER GENERATION PROJECT IN JIANGXI PROVINCE, THE PRC**

THE YANGJIANG PC CONTRACT

On 26 October 2023, Jingneng Yangxi, a wholly-owned subsidiary of the Company, as the principal, entered into the Yangjiang PC Contract with the Consortium, as the contractors. Pursuant to the Yangjiang PC Contract, the Consortium will provide PC services to Jingneng Yangxi for the construction of the Yangjiang PC Project. The contract price under the Yangjiang PC Contract amounted to approximately RMB465 million (tax inclusive).

THE JIANGXI EPC CONTRACT

On the same day, Yifeng Jingyi, a non wholly-owned subsidiary of the Company, as the principal, entered into the Jiangxi EPC Contract with Shaanxi Electric Power, as the contractor. Pursuant to the Jiangxi EPC Contract, Shaanxi Electric Power will provide EPC services to Yifeng Jingyi for the construction of the Jiangxi EPC Project. The contract price under the Jiangxi EPC Contract amounted to approximately RMB261 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of each of the Yangjiang PC Contract and the Jiangxi EPC Contract exceeds 5% but is less than 25%, the entering into of each of the Yangjiang PC Contract and the Jiangxi 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 26 October 2023, Jingneng Yangxi, a wholly-owned subsidiary of the Company, as the principal, entered into the Yangjiang PC Contract with the Consortium, as the contractors. Pursuant to the Yangjiang PC Contract, the Consortium will provide PC services to Jingneng Yangxi for the construction of the Yangjiang PC Project. The contract price under the Yangjiang PC Contract amounted to approximately RMB465 million (tax inclusive).

On the same day, Yifeng Jingyi, a non wholly-owned subsidiary of the Company, as the principal, entered into the Jiangxi EPC Contract with Shaanxi Electric Power, as the contractor. Pursuant to the Jiangxi EPC Contract, Shaanxi Electric Power will provide EPC services to Yifeng Jingyi for the construction of the Jiangxi EPC Project. The contract price under the Jiangxi EPC Contract amounted to approximately RMB261 million (tax inclusive).

THE YANGJIANG PC CONTRACT

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

Date: 26 October 2023

Parties: (i) Jingneng Yangxi (as the principal)
(ii) the Consortium (as the contractors)

Subject Matter: The Consortium agreed to serve as the PC contractors to provide PC services to Jingneng Yangxi for the construction of the Yangjiang PC Project. The PC services under the Yangjiang PC Contract include, among others, secondary design, procurement of equipment, supply of materials, construction and installation, testing and acceptance works. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the Yangjiang PC Project.

The Consortium shall implement and complete the construction of the Yangjiang PC Project in accordance with the Yangjiang PC Contract and remedy any failure or defects during the one-year warranty period of the Yangjiang PC Project carried out under the Yangjiang PC Contract.

Construction Period: The construction of the Yangjiang PC Project shall commence upon the written notice of Jingneng Yangxi. The completion date of the construction period shall be the date of acceptance of the power generation unit of the Yangjiang PC Project by Jingneng Yangxi, or the date where a transfer certificate is issued by Jingneng Yangxi after the trial operation of the relevant power generation unit.

Contract Price and Payment Method: The contract price under the Yangjiang PC Contract is approximately RMB465 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment and other fees, and shall be settled as follows:

(i) Advance Payment

10% of the contract price under the Yangjiang PC Contract as advance payment shall be paid to the Consortium upon the fulfillment of the following conditions, including (i) the Yangjiang PC Contract being effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the Yangjiang PC Contract) and is irrevocable and payable on demand; and (iii) the issue of valid receipts with equivalent amount by the Consortium to Jingneng Yangxi.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingneng Yangxi shall pay to the Consortium with respect to the equipment and materials payment, construction and installation payment and other fees. In furtherance to the above, Jingneng Yangxi shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment and 95% of the other fees upon the fulfillment of certain conditions set out under the Yangjiang PC Contract, including, among others, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

5% of the other fees, 3% of the construction and installation payment and 5% of the equipment and materials payment under the Yangjiang PC Contract shall be retained by Jingneng Yangxi as quality assurance fund and paid to the Consortium until the expiration of the one-year warranty period, which is one year starting from the completion of the trial operation of power generation unit of the Yangjiang PC Project and handover procedures 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 Jingneng Yangxi;
- (2) meeting the agreed technical standards stated in the Yangjiang PC Contract. If there is quality issue, the Consortium shall complete the quality repairs in accordance with the Yangjiang PC Contract; and
- (3) before the expiration of the warranty period under the Yangjiang PC 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 Jingneng Yangxi.

Escrow Account:

The Consortium shall establish an escrow account for receiving payments under the Yangjiang PC Contract, which shall be jointly managed by Jingneng Yangxi and the Consortium, and subject to the terms specified in the Yangjiang PC Contract. The usage of the fund shall be approved by Jingneng Yangxi and for the sole purpose of performing the Yangjiang PC Contract.

Performance Guarantee: Pursuant to the Yangjiang PC Contract, the Consortium shall provide a letter of performance guarantee issued by a bank, as agreed upon by Jingneng Yangxi, with an amount equivalent to 10% of the contract price under the Yangjiang PC Contract within 28 days after the Yangjiang PC Contract becomes effective, to guarantee the due performance by the Consortium of their obligations under the Yangjiang PC Contract.

The validity period of the performance guarantee shall last until the completion of the trial operation of power generation unit of the Yangjiang PC Project, and Jingneng Yangxi shall release such guarantee thereafter.

THE JIANGXI EPC CONTRACT

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

Date: 26 October 2023

Parties: (i) Yifeng Jingyi (as the principal)
(ii) Shaanxi Electric Power (as the contractor)

Subject Matter: Shaanxi Electric Power agreed to serve as the EPC contractor to provide EPC services to Yifeng Jingyi for the construction of the Jiangxi EPC Project. The EPC services under the Jiangxi EPC Contract include, among others, design services, procurement of equipment and materials, construction and installation, testing and acceptance works. Shaanxi Electric Power shall be responsible for all the relevant expenses incurred for the construction of the Jiangxi EPC Project.

Shaanxi Electric Power shall design, implement and complete the construction of the Jiangxi EPC Project in accordance with the Jiangxi EPC Contract and remedy any failure or defects during the one-year warranty period of the Jiangxi EPC Project carried out under the Jiangxi EPC Contract.

Construction Period: The construction of the Jiangxi EPC Project shall commence upon the written notice of Yifeng Jingyi and shall complete upon the occurrence of the grid-connected power generation in full capacity, which is expected to take place in April 2024.

Contract Price and Payment Method: The contract price under the Jiangxi EPC Contract is approximately RMB261 million (tax inclusive) which consists of construction and installation payment, design and technical services payment and equipment and materials payment, and shall be settled as follows:

(i) Advance Payment

20% of the contract price under the Jiangxi EPC Contract as advance payment shall be paid to Shaanxi Electric Power upon the fulfillment of the following conditions, including (i) the Jiangxi EPC Contract being effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the Jiangxi EPC Contract) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the Jiangxi EPC Contract) and are irrevocable and payable on demand; (iii) the issue of valid receipts with equivalent amount by Shaanxi Electric Power to Yifeng Jingyi; and (iv) Shaanxi Electric Power has purchased the following insurances, including, among others, engineering design liability insurance, the construction and installation insurance and third-party liability insurance confirmed by Yifeng Jingyi and submitted the copies of insurance certificates to Yifeng Jingyi.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Yifeng Jingyi shall pay to Shaanxi Electric Power with respect to the equipment and materials payment, construction and installation payment and design and technical services payment. In furtherance to the above, Yifeng Jingyi shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment and 95% of the design and technical services payment upon the fulfillment of certain conditions set out under the Jiangxi EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

5% of the design and technical services payment, 3% of the construction and installation payment and 5% of the equipment and materials payment under the Jiangxi EPC Contract shall be retained by Yifeng Jingyi as quality assurance fund and paid to Shaanxi Electric Power until the expiration of the one-year warranty period, which is one year starting from the date of the acceptance of the project completion-based check, and the fulfillment of the following conditions:

- (1) resolving all defects of the construction works within the warranty period and a quality confirmation letter having been issued by Yifeng Jingyi;
- (2) meeting the agreed technical standards stated in the Jiangxi EPC Contract. If there is quality issue, Shaanxi Electric Power shall complete the quality repairs in accordance with the Jiangxi EPC Contract; and
- (3) before the expiration of the warranty period under the Jiangxi 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 Shaanxi Electric Power to Yifeng Jingyi.

Escrow Account:

Shaanxi Electric Power shall establish an escrow account for receiving payments under the Jiangxi EPC Contract, which shall be jointly managed by Yifeng Jingyi and Shaanxi Electric Power, and subject to the terms specified in the Jiangxi EPC Contract. The usage of the fund shall be approved by Yifeng Jingyi and for the sole purpose of performing the Jiangxi EPC Contract.

Performance Guarantee: Pursuant to the Jiangxi EPC Contract, Shaanxi Electric Power shall provide a letter of performance guarantee issued by a bank, as agreed by Yifeng Jingyi, with an amount equivalent to 10% of the contract price under the Jiangxi EPC Contract within 30 days after the Jiangxi EPC Contract becomes effective, to guarantee the due performance by Shaanxi Electric Power of its obligations under the Jiangxi EPC Contract.

The validity period of the performance guarantee shall last until the date of the acceptance of the project completion-based check certificate issued by Yifeng Jingyi.

Advance Payment
Guarantee:

Pursuant to the Jiangxi EPC Contract, as a prerequisite of payment of the advance payment, Shaanxi Electric Power shall provide a letter of advance payment guarantee issued by a bank, as agreed upon by Yifeng Jingyi, with an amount equivalent to 10% of the contract price under the Jiangxi EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the Jiangxi 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 Jiangxi EPC Contract.

BASIS FOR DETERMINATION OF THE CONTRACT PRICES UNDER THE YANGJIANG PC CONTRACT AND THE JIANGXI EPC CONTRACT

The contract price under each of the Yangjiang PC Contract and the Jiangxi 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/or construction proposals 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; and (iv) the expected power capacity (measured in MW) of the Yangjiang PC Project and the Jiangxi EPC Project.

REASONS FOR AND BENEFITS OF ENTERING INTO THE YANGJIANG PC CONTRACT AND THE JIANGXI EPC CONTRACT

Having considered the development and the expected return from the investment in the integrated energy industry and the photovoltaic energy industry in the PRC, the Company is optimistic about the prospect of such industries in the foreseeable future. To the best of the Directors' knowledge, each of the Contractors are well-established companies with substantial experience in the construction and development of integrated and/or fishery-photovoltaic power generation projects in the PRC.

The Yangjiang PC Contract and the Jiangxi EPC Contract will enable the Company to further expand its scale of business in the integrated energy industry and the fishery-photovoltaic energy industry through the construction of quality integrated power generation projects and fishery-photovoltaic power generation projects so as to enhance returns to the Shareholders. The Directors have reviewed the Yangjiang PC Contract and the Jiangxi EPC Contract and are of the view that the terms and conditions of the Yangjiang PC Contract and the Jiangxi EPC Contract 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 highest applicable percentage ratio in respect of the entering into of each of the Yangjiang PC Contract and the Jiangxi EPC Contract exceeds 5% but is less than 25%, the entering into of each of the Yangjiang PC Contract and the Jiangxi 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.

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.

Jingneng Yangxi is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of integrated power generation projects.

Yifeng Jingyi is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of new energy projects.

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

China Machinery Engineering is joint stock a company established in the PRC with limited liability and is primarily engaged in engineering, procurement and construction projects in energy industry, trading business and service business. As at the date of this announcement, to the best information of the Directors, China Machinery Engineering is a subsidiary of China National Machinery Industry Corporation* (中國機械工業集團有限公司) and its ultimate beneficial owner is the State Council of the PRC (中國國務院).

Shaanxi Electric Power is a company incorporated in the PRC with limited liability and is primarily engaged in power generation engineering and construction. As at the date of this announcement, to the best information of the Directors, Shaanxi Electric Power is a wholly-owned subsidiary of China Energy Engineering Corporation Limited (中國能源建設股份有限公司), a joint stock company established in the PRC with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 3996).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Contractors and their ultimate beneficial owners are third parties independent of the Company and 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 Machinery Engineering”	China Machinery Engineering Corporation* (中國機械設備工程股份有限公司), a joint stock 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)
“Consortium”	a consortium consisting of Powerchina Jiangxi (as the consortium leader) and China Machinery Engineering (as the consortium member)
“Contractors”	collectively, Powerchina Jiangxi, China Machinery Engineering and Shaanxi Electric Power
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangxi EPC Contract”	the EPC contract entered into between Yifeng Jingyi and Shaanxi Electric Power dated 26 October 2023 in relation to the construction of the Jiangxi EPC Project
“Jiangxi EPC Project”	the fishery-photovoltaic complementary power generation project located in Yichun City, Jiangxi Province of the PRC with planned construction capacity of 100MW
“Jingneng Yangxi”	Jingneng (Yangxi) Integrated Power Limited* (京能(陽西)綜合能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“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

“PC”	procurement and construction
“Powerchina Jiangxi”	Powerchina Jiangxi Electric Power Construction Co., Ltd.* (中國電建集團江西省電力建設有限公司), a company established in the PRC with limited liability
“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
“Shaanxi Electric Power”	China Energy Engineering Group Shaanxi Electric Power Design Institute Co., Ltd.* (中國能源建設集團陝西省電力設計院有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Yangjiang PC Contract”	the PC contract entered into between Jingneng Yangxi and the Consortium dated 26 October 2023 in relation to the construction of the Yangjiang PC Project
“Yangjiang PC Project”	the natural gas heating cooling and power generation project located in Yangjiang City, Guangdong Province of the PRC with planned construction capacity of 2x120MW

“Yifeng Jingyi”

Yifeng Jingyi New Energy Co., Ltd.* (宜豐縣京宜新
能源有限公司), a non wholly-owned subsidiary of the
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, 26 October 2023

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*