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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
EQUIPMENT PURCHASE AND TECHNICAL SERVICES AGREEMENT
RELATING TO THE BEIJING AI PUBLIC COMPUTING PLATFORM
IN THE PRC**

EQUIPMENT PURCHASE AND TECHNICAL SERVICES AGREEMENT

On 27 October 2023, BEJN (a wholly-owned subsidiary of the Company), as the principal, entered into the Equipment Purchase and Technical Services Agreement with Alibaba Cloud, as the supplier, for the procurement of equipment and technical services in relation to the Beijing AI Public Computing Platform in the PRC. The contract price of the Equipment Purchase and Technical Services Agreement is approximately RMB916 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the Equipment Purchase and Technical Services Agreement exceeds 5% but is less than 25%, the entering into of the Equipment Purchase and Technical Services Agreement 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 27 October 2023, BEJN (a wholly-owned subsidiary of the Company), as the principal, entered into the Equipment Purchase and Technical Services Agreement with Alibaba Cloud, as the supplier, for the procurement of equipment and technical services in relation to the Beijing AI Public Computing Platform in the PRC. The contract price of the Equipment Purchase and Technical Services Agreement is approximately RMB916 million (tax inclusive).

THE EQUIPMENT PURCHASE AND TECHNICAL SERVICES AGREEMENT

The principal terms of the Equipment Purchase and Technical Services Agreement are set out below:

Date: 27 October 2023

Parties: (i) BEJN (as the principal)
(ii) Alibaba Cloud (as the supplier)

Subject matter: BEJN agreed to engage Alibaba Cloud to provide certain service for establishing the Beijing AI Public Computing Platform, including but not limited to, the setting up of computing system, storage system, network system, security system, computing power management platform, computing power facility infrastructure, and handling of equipment migration.

During the warranty period of five years commencing from the date of which the establishment of the Beijing AI Public Computing Platform is completed and accepted, Alibaba Cloud shall provide repair and maintenance services free of charge, including maintenance or replacement of faulty or defective hardware, upgrading of system software, technical consultation and support, system operation and maintenance and management, and personnel training and guidance.

Contract price and
payment method:

The contract price for the Equipment Purchase and Technical Services Agreement is approximately RMB916 million (tax inclusive) which consists of all costs, expenses, fees and charges to be incurred by Alibaba Cloud in performing its obligations under the Equipment Purchase and Technical Services Agreement, and shall be settled by way of bank acceptance or telegraphic transfer as follows:

(i) Initial payment

10% of the total contract price as the initial payment shall be paid within 20 working days after the receipt of (a) the special value-added tax invoice; and (b) the letter of performance guarantee issued by Alibaba Cloud.

(ii) First progress payment

10% of the total contract price as the first progress payment shall be paid within 20 working days after the receipt of the special value-added tax invoice issued by Alibaba Cloud, provided that the initial 500 PFLOPS computing equipment is successfully delivered, installed, and tested, and accepted by BEJN.

(iii) Second progress payment

70% of the total contract price as the second progress payment shall be paid within 20 working days after the receipt of the special value-added tax invoice issued by Alibaba Cloud, provided that the subsequent 1,500 PFLOPS computing equipment is successfully delivered, installed and tested, and accepted by BEJN.

(iv) Final payment

10% of the total contract price as the final payment shall be paid within 20 working days after receipt of the special value-added tax invoice issue by Alibaba Cloud, provided that the Beijing AI Public Computing Platform has passed the relevant inspection by BEJN following at least one year of operations.

Performance guarantee: Pursuant to the Equipment Purchase and Technical Services Agreement, Alibaba Cloud shall provide to BEJN a letter of performance guarantee issued by a bank for the amount equivalent to 10% of the total contract price, to guarantee the due performance by Alibaba Cloud of its obligations under the Equipment Purchase and Technical Services Agreement.

The letter of performance guarantee shall be valid from the date of issue and shall be released (i) upon the issue of the project acceptance certificate, or (ii) by 31 March 2024, whichever is earlier.

BASIS OF DETERMINATION OF THE CONTRACT PRICE

The contract price for the Equipment Purchase and Technical Services Agreement 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 suppliers and the determination of the contract price: (i) the overall proposals submitted by the candidates of suppliers; (ii) capability, experience and technical specifications of the candidates of suppliers in performing similar size projects; and (iii) the prevailing market price of provision of similar services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PURCHASE AND TECHNICAL SERVICES AGREEMENT

The Group, being principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities with good prospects and potential for stable returns.

The Board is of the view that investing in the construction of the Beijing AI Public Computing Platform is a milestone for the Group to extend to the high value-added businesses in the energy industry chain and enter the AI industry on the basis of its existing clean energy project business, and also an important opportunity for the realization of digital transformation, which will be conducive to the sustained and rapid development of the Group in the new stage. In the future, the Group will aim to build a digital industry ecosystem, radiate outward from the capital city and the Jing-Jin-Ji Region (京津冀區域) as the base, rely on the construction of mega-sized computing centers and data centers as well as the layout of its industrial clusters, and accelerate the construction of a digital economy development base that integrates AI computing and network computing by means of capital operation, integration of resources and the construction of an ecosystem, and the Group can expand its investment portfolio and provide another source of stable income upon commencement of operations. Therefore, the Board considers that the construction of Beijing AI Public Computing Platform will be a new opportunity to enhance return to the Shareholders. The Directors consider that the entering into of the Equipment Purchase and Technical Services Agreement by the Group is a concrete step to implement its development strategies. The Directors have reviewed the Equipment Purchase and Technical Services Agreement and are of the view that the terms and conditions thereof 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.

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.

BEJN is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

Alibaba Cloud is a company established in the PRC with limited liability and a consolidated entity of Alibaba Group Holding Limited. Alibaba Cloud is principally engaged in provision of technology development and technical services of computer software and hardware, electronic products and digital products; business management consulting and computer information technology consulting, etc.

Alibaba Group Holding Limited is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the New York Stock Exchange (stock symbol: BABA) and the main board of the Stock Exchange (stock code: 9988), respectively. The businesses of Alibaba Group Holding Limited and its subsidiaries are comprised of China commerce, international commerce, local consumer services, Cainiao logistics services, cloud services, digital media and entertainment and innovation initiatives and others.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Alibaba Cloud and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“AI”	artificial intelligence
“Alibaba Cloud”	Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司), a company established in the PRC with limited liability and a consolidated entity of Alibaba Group Holding Limited
“Beijing AI Public Computing Platform”	AI computing platform that provides inclusive computing services to universities, scientific research institutes, innovative and start-up enterprises, etc. in Beijing
“BEJN”	BEJN International Holding Co., Ltd.* (北京京能國際控股有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary 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)
“Director(s)”	the director(s) of the Company
“Equipment Purchase and Technical Services Agreement”	the agreement entered into between BEJN and Alibaba Cloud dated 27 October 2023 for the procurement of equipment and technical services in relation to the Beijing AI Public Computing Platform
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PFLOPS”	FLOPS, Floating-Point Operations Per Second, which is commonly used to estimate computer performance; “P” stands for “Peta” and means 10^{15} ; therefore PFLOPS implies 10^{15} times of floating-point operations per second
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding 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, 27 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*