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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 50MW
DISTRIBUTED WIND POWER GENERATION PROJECT
IN INNER MONGOLIA AUTONOMOUS REGION, THE PRC**

THE TONGLIAO EPC CONTRACT

On 27 October 2023, Jingmeng Runlong, a subsidiary of the Company, as the principal, entered into the Tongliao EPC Contract with SEPCOIII, as the contractor. Pursuant to the Tongliao EPC Contract, SEPCOIII will provide EPC services to Jingmeng Runlong for the construction of the Tongliao EPC Project. The contract price under the Tongliao EPC Contract amounted to RMB342 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the Tongliao EPC Contract exceeds 5% but is less than 25%, the entering into of the Tongliao 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 27 October 2023, Jingmeng Runlong, a subsidiary of the Company, as the principal, entered into the Tongliao EPC Contract with SEPCOIII, as the contractor. Pursuant to the Tongliao EPC Contract, SEPCOIII will provide EPC services to Jingmeng Runlong for the construction of the Tongliao EPC Project. The contract price under the Tongliao EPC Contract amounted to RMB342 million (tax inclusive).

THE TONGLIAO EPC CONTRACT

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

Date: 27 October 2023

Parties: (i) Jingmeng Runlong (as the principal)

(ii) SEPCOIII (as the contractor)

Subject Matter: SEPCOIII agreed to serve as the EPC contractor to provide EPC services to Jingmeng Runlong for the construction of the Tongliao EPC Project. The EPC services under the Tongliao EPC Contract include, among others, design, procurement of equipment, supply of materials, construction and installation, testing and acceptance works. SEPCOIII shall be responsible for all the relevant expenses incurred for the construction of the Tongliao EPC Project.

SEPCOIII shall implement and complete the construction of the Tongliao EPC Project in accordance with the Tongliao EPC Contract and remedy any failure or defects during the one-year warranty period (five-year warranty period for the wind turbines) of the Tongliao EPC Project carried out under the Tongliao EPC Contract.

Construction Period: The construction of the Tongliao EPC Project shall commence upon the written notice of Jingmeng Runlong, and shall complete upon the occurrence of the grid-connected power generation in full capacity, which is expected to take place in December 2023.

Contract Price and
Payment Method:

The contract price under the Tongliao EPC Contract is RMB342 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, survey and design payment and commissioning, technical services and other fees, and shall be settled as follows:

(i) Advance Payment

20% of the contract price under the Tongliao EPC Contract as advance payment shall be paid to SEPCOIII upon the fulfillment of the following conditions, including (i) the Tongliao EPC Contract being effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the Tongliao EPC Contract) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the Tongliao EPC Contract), and are irrevocable and payable on demand; and (iii) the issue of valid receipts with equivalent amount by SEPCOIII to Jingmeng Runlong.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingmeng Runlong shall pay to SEPCOIII with respect to the construction and installation payment, equipment and materials payment, survey and design payment and commissioning, technical services and other fees. In furtherance to the above, Jingmeng Runlong shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the survey and design payment and 97% of the commissioning, technical services and other fees upon the fulfilment of certain conditions set out under the Tongliao EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment, 5% of the survey and design payment and 3% of the commissioning, technical services and other fees under the Tongliao EPC Contract shall be retained by Jingmeng Runlong as quality assurance fund and paid to SEPCOIII until the expiration of the one-year warranty period, which is one year starting from the completion of the trial operation of the Tongliao EPC Project and handover procedures 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 Jingmeng Runlong;
- (2) meeting the agreed technical standards stated in the Tongliao EPC Contract. If there is quality issue, SEPCOIII shall resolve the issue in accordance with the Tongliao EPC Contract; and
- (3) before the expiration of the warranty period under the Tongliao 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 SEPCOIII to Jingmeng Runlong.

Performance Guarantee: Pursuant to the Tongliao EPC Contract, SEPCOIII shall provide a letter of performance guarantee issued by a bank, as agreed upon by Jingmeng Runlong, with an amount equivalent to 10% of the contract price under the Tongliao EPC Contract within 30 days after the Tongliao EPC Contract becomes effective, to guarantee the due performance by SEPCOIII of their obligations under the Tongliao EPC Contract.

The validity period of the performance guarantee shall last until the date of the acceptance of the project completion-based check and acceptance of the Tongliao EPC Project and Jingmeng Runlong shall release such guarantee thereafter.

Advance Payment
Guarantee:

Pursuant to the Tongliao EPC Contract, as a prerequisite of payment of the advance payment, SEPCOIII shall provide a letter of advance payment guarantee issued by a bank, as agreed upon by Jingmeng Runlong, with an amount equivalent to 10% of the contract price under the Tongliao EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the Tongliao 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 Tongliao EPC Contract.

BASIS FOR DETERMINATION OF THE CONTRACT PRICE UNDER THE TONGLIAO EPC CONTRACT

The contract price under the Tongliao 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 contractor 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 Tongliao EPC Project; and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TONGLIAO EPC CONTRACT

Having considered the development and the expected return from the investment of 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. To the best of the Directors' knowledge, SEPCOIII is a well-established company with substantial experience in the construction and development of renewable energy power generation projects in the PRC.

The Tongliao EPC Contract will enable the Company to further expand its scale of business in wind power station in the renewable energy industry 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 Tongliao EPC Contract and are of the view that the terms and conditions of the Tongliao 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.

Jingmeng Runlong is a company established in the PRC with limited liability and is a subsidiary of the Company. It is primarily engaged in the development and operation of clean energy power generation projects.

SEPCOIII is a company established in the PRC with limited liability and is primarily engaged in, among others, (i) the design and provision of consultation for electricity, building, road and bridge construction projects; (ii) the construction of electricity projects; and (iii) the installation, maintenance and repair of electricity facilities. As at the date of this announcement, to the best information of the Directors, SEPCOIII is a wholly-owned subsidiary of Power Construction Corporation of China (中國電力建設集團有限公司) which is wholly-owned by the State Council.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, SEPCOIII and its ultimate beneficial owner is 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
“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)”	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
“Jingmeng Runlong”	Jingmeng Runlong (Tongliao City) New Energy Co., Ltd.* (京盟潤龍(通遼市)新能源有限公司), a company established in the PRC with limited liability and a 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

“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
“SEPCOIII”	SEPCOIII Electric Power Construction Co., Ltd. (山東電力建設第三工程有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“State Council”	The State Council of the PRC (中國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Tongliao EPC Contract”	the EPC contract entered into between Jingmeng Runlong and SEPCOIII dated 27 October 2023 in relation to the construction of the Tongliao EPC Project
“Tongliao EPC Project”	the distributed wind power generation project located in Tongliao City, Inner Mongolia Autonomous Region, the PRC with planned construction capacity of 50MW
“%”	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*