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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 100MW
FISHERY-PHOTOVOLTAIC COMPLEMENTARY PROJECT
IN GUANGDONG PROVINCE, THE PRC**

THE ZHAOQING EPC CONTRACT

On 30 October 2023, LTS New Energy, a subsidiary of the Company, as the principal, entered into the Zhaoqing EPC Contract with the Consortium, as the contractors. Pursuant to the Zhaoqing EPC Contract, the Consortium will provide EPC services to LTS New Energy for the construction of the Zhaoqing EPC Project. The contract price under the Zhaoqing EPC Contract amounted to approximately RMB406 million (tax inclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the Zhaoqing EPC Contract exceeds 5% but is less than 25%, the entering into of the Zhaoqing 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 30 October 2023, LTS New Energy, a subsidiary of the Company, as the principal, entered into the Zhaoqing EPC Contract with the Consortium, as the contractors. Pursuant to the Zhaoqing EPC Contract, the Consortium will provide EPC services to LTS New Energy for the construction of the Zhaoqing EPC Project. The contract price under the Zhaoqing EPC Contract amounted to approximately RMB406 million (tax inclusive).

THE ZHAOQING EPC CONTRACT

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

Date: 30 October 2023

Parties: (i) LTS New Energy (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 LTS New Energy for the construction of the Zhaoqing EPC Project. The EPC services under the Zhaoqing EPC Contract include, among others, design, procurement of equipment and materials, construction and installation, adjustment and testing, on-grid connection works, acceptance works and final delivery. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the Zhaoqing EPC Project.

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

Construction Period: The construction of the Zhaoqing EPC Project shall commence upon written notice of LTS New Energy, 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 Zhaoqing EPC Contract is approximately RMB406 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment, survey and design payment and other fees, and shall be settled as follows:

(i) Advance Payment

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

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), LTS New Energy shall pay to the Consortium with respect to the construction and installation payment, equipment and materials payment, survey and design payment and other fees. In furtherance to the above, LTS New Energy shall pay up to 97% of the completion settlement amount upon the fulfillment of certain conditions set out under the Zhaoqing EPC Contract, including, among others, (i) the occurrence of the grid-connected power generation in full capacity; (ii) achieving satisfactory results from the inspection of the completed project, material defects of the project having been rectified, and obtaining the completion acceptance certificate; and (iii) the receiving of relevant financial receipts by LTS New Energy.

(iii) Quality Assurance Fund

3% of the contract price under the Zhaoqing EPC Contract shall be retained by LTS New Energy as quality assurance fund and paid to the Consortium until the expiration of the 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 LTS New Energy;
- (2) meeting the agreed technical standards stated in the Zhaoqing EPC contract. If there is quality issue, the Consortium shall resolve the issue in accordance with the Zhaoqing EPC Contract; and
- (3) before the expiration of the warranty period under the Zhaoqing 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 LTS New Energy.

Performance Guarantee:

Pursuant to the Zhaoqing EPC Contract, the Consortium shall provide a letter of performance guarantee issued by a bank, as agreed upon by LTS New Energy, with an amount equivalent to 10% of the contract price under the Zhaoqing EPC Contract within 28 days after the Zhaoqing EPC Contract becomes effective, to guarantee the due performance by the Consortium of their obligations under the Zhaoqing EPC Contract.

The validity period of the letter of performance guarantee shall last until the acceptance of the project completion-based check, and LTS New Energy shall release such guarantee thereafter.

Advance Payment
Guarantee:

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

The validity period of the letter of advance payment guarantee shall last until the occurrence of the grid-connected power generation in full capacity, and LTS New Energy will release such guarantee thereafter.

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

The contract price under the Zhaoqing 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 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; (iv) the expected power capacity (measured in MW) of the Zhaoqing EPC Project; and (v) the prevailing market price of the provision of similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ZHAOQING EPC CONTRACT

Having considered the development and the expected return from the investment in the photovoltaic 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, each of the members of the Consortium is a well-established company with substantial experience in the construction and development of fishery-photovoltaic power generation projects in the PRC.

The Zhaoqing EPC Contract will enable the Company to further expand its scale of business in the photovoltaic energy industry through the construction of quality fishery-photovoltaic power generation projects so as to enhance returns to the Shareholders. In view of the above, the Directors have reviewed the Zhaoqing EPC Contract and are of the view that the terms and conditions of the Zhaoqing 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

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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.

LTS New Energy is a company established in the PRC with limited liability and a subsidiary of the Company. It is principally engaged in the development, investment, operation and management of photovoltaic power plant projects.

Sichuan Electric Power Engineering is a company established in the PRC with limited liability and is principally engaged in power generation engineering and construction. As at the date of this announcement, to the best information of the Directors, Sichuan 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 incorporated in the PRC with limited liability, with its A shares listed on the Shanghai Stock Exchange (stock code: 601669).

Sichuan Electric Power TT is a company established in the PRC with limited liability and is principally engaged in engineering surveying and design, procurement and construction, as well as engineering project management. As at the date of this announcement, to the best information of the Directors, Sichuan Electric Power TT is ultimately and beneficially owned by Zhong Yinggui (仲應貴) and Xiang Xinglin (向興林) as to approximately 26.09% and 20.37% respectively, and the remaining shareholding is ultimately and beneficially owned by 15 other shareholders with each holding no more than 10% equity interests in Sichuan Electric Power TT.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the members of the Consortium 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
“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 Sichuan Electric Power Engineering (as the consortium leader) and Sichuan Electric Power TT (as the consortium member)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“LTS New Energy”	Zhaoqing Lai Te Si New Energy Co., Ltd.* (肇慶市萊特斯新能源有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“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
“Shareholder(s)”	holder(s) of the issued share(s) of the Company

“Sichuan Electric Power Engineering”	PowerChina Sichuan Electric Power Engineering Co., Ltd. (四川電力設計諮詢有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司)
“Sichuan Electric Power TT”	Sichuan Electric Power Transmission and Transformation construction Co., Ltd. (四川省送變電建設有限責任公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Zhaoqing EPC Contract”	the EPC contract entered into between LTS New Energy and the Consortium dated 30 October 2023 in relation to the construction of the Zhaoqing EPC Project
“Zhaoqing EPC Project”	the fishery-photovoltaic complementary project (Phase II) located in Zhaoqing City, Guangdong Province, the PRC with a total planned construction capacity of 300MW, of which the planned construction capacity of Phase II is 100MW
“%”	per cent

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

Hong Kong, 30 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*