

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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) ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT RELATING TO 295MW PHOTOVOLTAIC POWER GENERATION PROJECTS IN YUNNAN PROVINCE, THE PRC; AND (2) EQUIPMENT SUPPLY AGREEMENT RELATING TO 295MW PHOTOVOLTAIC POWER GENERATION PROJECTS IN YUNNAN PROVINCE, THE PRC

THE YUNNAN EPC CONTRACT

On 30 October 2023, Jingjiang Shuangbai, a subsidiary of the Company, as the principal, entered into the Yunnan EPC Contract with Kunming Engineering, as the contractor. Pursuant to the Yunnan EPC Contract, Kunming Engineering will provide EPC services to Jingjiang Shuangbai for the construction of the Yunnan EPC Projects. The contract price under the Yunnan EPC Contract amounted to approximately RMB752 million (tax inclusive).

EQUIPMENT SUPPLY AGREEMENT

On the same day, Jingjiang Shuangbai, as the principal, entered into the Equipment Supply Agreement with Jinko Solar, as the supplier, for the construction of the Yunnan EPC Projects. The contract price of the Equipment Supply Agreement amounted to approximately RMB446 million (tax exclusive).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of each of the Yunnan EPC Contract the Equipment Supply Agreement exceeds 5% but is less than 25%, the entering into of each of the Yunnan EPC Contract and the Equipment Supply 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 30 October 2023, Jingjiang Shuangbai, a subsidiary of the Company, as the principal, entered into the Yunnan EPC Contract with Kunming Engineering, as the contractor. Pursuant to the Yunnan EPC Contract, Kunming Engineering will provide EPC services to Jingjiang Shuangbai for the construction of the Yunnan EPC Projects. The contract price under the Yunnan EPC Contract amounted to approximately RMB752 million (tax inclusive).

On the same day, Jingjiang Shuangbai, as the principal, entered into the Equipment Supply Agreement with Jinko Solar, as the supplier, for the construction of the Yunnan EPC Projects. The contract price of the Equipment Supply Agreement amounted to approximately RMB446 million (tax exclusive).

THE YUNNAN EPC CONTRACT

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

Date: 30 October 2023

Parties: (i) Jingjiang Shuangbai (as the principal)
(ii) Kunming Engineering (as the contractor)

Subject Matter: Kunming Engineering agreed to serve as the EPC contractor to provide EPC services to Jingjiang Shuangbai for the construction of the Yunnan EPC Projects. The EPC services under the Yunnan EPC Contract include, among others, survey and design services, procurement of equipment and materials, construction and installation, testing and acceptance works. Kunming Engineering shall be responsible for all the relevant expenses incurred for the construction of the Yunnan EPC Projects.

Kunming Engineering shall design, implement and complete the construction of the Yunnan EPC Projects in accordance with the Yunnan EPC Contract and remedy any failure or defects during the one-year warranty period of the Yunnan EPC Projects carried out under the Yunnan EPC Contract.

Construction Period:

The construction of the Yunnan EPC Projects shall commence upon the written notice of Jingjiang Shuangbai 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 Yunnan EPC Contract is approximately RMB752 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment, design and consulting fees and other fees, and shall be settled as follows:

(i) Advance Payment

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

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingjiang Shuangbai shall pay to Kunming Engineering with respect to the equipment and materials payment, construction and installation payment, design and consulting fees and other fees. In furtherance to the above, Jingjiang Shuangbai shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the design and consulting fees and 100% of the other fees upon the fulfilment of certain conditions set out under the Yunnan EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project.

(iii) Quality Assurance Fund

5% of the design and consulting fees, 3% of the construction and installation payment and 5% of the equipment and materials payment under the Yunnan EPC Contract shall be retained by Jingjiang Shuangbai as quality assurance fund and paid to Kunming Engineering 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 Jingjiang Shuangbai;
- (2) meeting the agreed technical standards stated in the Yunnan EPC Contract. If there is quality issue, Kunming Engineering shall complete the quality repairs in accordance with the Yunnan EPC Contract; and
- (3) before the expiration of the warranty period under the Yunnan 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 Kunming Engineering to Jingjiang Shuangbai.

Escrow Account:

Kunming Engineering shall establish an escrow account for receiving payments under the Yunnan EPC Contract, which shall be jointly managed by Jingjiang Shuangbai and Kunming Engineering, and subject to the terms specified in the Yunnan EPC Contract. The usage of the fund shall be approved by Jingjiang Shuangbai and for the sole purpose of performing the Yunnan EPC Contract.

Performance Guarantee:

Pursuant to the Yunnan EPC Contract, Kunming Engineering shall provide a letter of performance guarantee issued by a bank, as agreed by Jingjiang Shuangbai, with an amount equivalent to 10% of the contract price under the Yunnan EPC Contract within 30 days after the Yunnan EPC Contract becomes effective, to guarantee the due performance by Kunming Engineering of its obligations under the Yunnan 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 Jingjiang Shuangbai.

Advance Payment
Guarantee:

Pursuant to the Yunnan EPC Contract, as a prerequisite of payment of the advance payment, Kunming Engineering shall provide a letter of advance payment guarantee issued by a bank, as agreed upon by Jingjiang Shuangbai, with an amount equivalent to 20% of the contract price under the Yunnan EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the Yunnan 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 Yunnan EPC Contract.

THE EQUIPMENT SUPPLY AGREEMENT

The principal terms of the Equipment Supply Agreement are set out below:

Date: 30 October 2023

Parties: (i) Jingjiang Shuangbai (as the principal)

(ii) Jinko Solar (as the supplier)

Subject matter: Jingjiang Shuangbai agreed to engage Jinko Solar to provide certain services in relation to the construction of the Yunnan EPC Projects, including the delivery and supply of the Equipment, technical and warranty services in relation to the Equipment.

Jinko Solar shall rectify or remedy any defects during the warranty period of 144 months commencing on the date of acceptance of the Equipment.

Contract price and payment method:

The contract price for the Equipment Supply Agreement is approximately RMB446 million (tax exclusive) which consists of all costs, expenses, fees and charges to be incurred by Jinko Solar in performing its obligations under the Equipment Supply Agreement, and shall be settled as follows:

(i) Advance Payment

Following the execution of the Equipment Supply Agreement by the parties, 10% of the contract price as advance payment shall be paid on the date which is within 30 days after receiving (a) a receipt for the advance payment; (b) payment application form; and (c) the letter of performance guarantee issued by Jinko Solar.

(ii) Production Payment

Prior to commencement of batch production in accordance with the scheduling plan, 30% of the contract price as production payment shall be paid on the date which is within 30 days after receiving (a) supply contract(s) entered into with the relevant raw material manufacturer(s); (b) special value-added tax invoice for the production payment; and (c) payment application form and valid receipts with equivalent amounts issued by Jinko Solar.

(iii) Delivery Payment

Following batch production of the Equipment, 40% of the contract price shall be paid on the date which is within 30 days after receiving (a) delivery list in respect of the relevant Equipment; (b) factory quality certificate issued by the relevant manufacturer(s); (c) special value-added tax invoice for 40% of the price of the Equipment; and (d) payment application form and valid receipts with equivalent amounts issued by Jinko Solar.

Following completion of delivery and acceptance of the final batch of the Equipment, 15% of the contract price shall be paid on the date which is within 30 days after receiving (a) acceptance certificate in respect of the Equipment; and (b) special value-added tax invoice for 30% of the price of the Equipment submitted by Jinko Solar.

(iv) Final Payment

(A) Within 12 months of the occurrence of the grid-connected power generation and completion of acceptance of the Yunnan EPC Projects, or (B) 18 months after the final batch of the Equipment passes the on-site acceptance, whichever is the earlier, 5% of the contract price shall be paid on the date which is within 30 days after receiving (i) the certificate of the expiration of the warranty period; (ii) the certificate of quality assurance of the Equipment; and (iii) payment application form and valid receipts with equivalent amounts signed by Jinko Solar.

Performance guarantee: Pursuant to the Equipment Supply Agreement, Jinko Solar shall provide a letter of performance guarantee issued by a bank to Jingjiang Shuangbai, with an amount equivalent to 10% of the total contract price under the Equipment Supply Agreement, to guarantee the due performance by Jinko Solar of its obligations under the Equipment Supply Agreement.

The letter of performance guarantee shall be valid from the date of issue to the date of the project acceptance certificate issued by Jingjiang Shuangbai.

BASIS FOR DETERMINATION OF THE CONTRACT PRICES UNDER THE YUNNAN EPC CONTRACT AND THE EQUIPMENT SUPPLY AGREEMENT

The contract price under each of the Yunnan EPC Contract and the Equipment Supply 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 contractors for the Yunnan EPC Contract and the determination of the relevant contract price: (i) the design and construction proposal 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 Yunnan EPC Projects; and (v) the prevailing market price of the provision of similar EPC services.

With respect to the Equipment Supply Agreement, the Company has considered the following factors during the selection of the suppliers: (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 YUNNAN EPC CONTRACT AND THE EQUIPMENT SUPPLY AGREEMENT

Having considered the development and the expected return from the investment in the photovoltaic 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, Kunming Engineering is a well-established company with substantial experience in the construction and development of photovoltaic power generation projects in the PRC and Jinko Solar is a well-established company with substantial experience in the sales of solar photovoltaic modules in the PRC.

The entering into of the Yunnan EPC Contract and the Equipment Supply Agreement is a concrete step for the Company to implement its development strategies and will enable the Company to further expand its scale of business in the photovoltaic industry through the construction of quality photovoltaic power generation projects so as to enhance returns to the Shareholders.

In view of that, the Directors have reviewed the Yunnan EPC Contract and the Equipment Supply Agreement and are of the view that the terms and conditions of the Yunnan EPC Contract and the Equipment Supply Agreement are fair and reasonable and the transaction 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 Yunnan EPC Contract the Equipment Supply Agreement exceeds 5% but is less than 25%, the entering into of each of the Yunnan EPC Contract and the Equipment Supply 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.

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.

Jingjiang Shuangbai is a company established in the PRC with limited liability and a subsidiary of the Company. It is primarily engaged in the power generation business, transmission business and power supply business.

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

Jinko Solar is a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 688223). It is primarily engaged in the research and development, production and sales of solar photovoltaic modules, batteries and silicon wafers, as well as the application and industrialization of photovoltaic technology.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractors and their ultimate beneficial owner 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) |
| “Contractors” | collectively, Kunming Engineering and Jinko Solar |
| “Director(s)” | director(s) of the Company |
| “EPC” | engineering, procurement and construction |
| “Equipment” | photovoltaic modules and spare parts to be used for the construction of the Yunnan EPC Projects |
| “Equipment Supply Agreement” | the Equipment Supply Agreement entered into between Jingjiang Shuangbai and Jinko Solar dated 30 October 2023 in relation to the supply of the Equipment for the construction of the Yunnan EPC Projects |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |

| | |
|-----------------------|---|
| “Jingjiang Shuangbai” | Jingjiang Shuangbai New Energy Co., Ltd.* (京江(雙柏)新能源有限公司), a company established in the PRC with limited liability and a subsidiary of the Company |
| “Jinko Solar” | Jinko Solar Co., Ltd.* (晶科能源股份有限公司), a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 688223) |
| “Kunming Engineering” | Powerchina Kunming Engineering Corporation Limited* (中國電建集團昆明勘測設計研究院有限公司), a company established in the PRC with limited liability |
| “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 |
| “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 |
| “Yunnan EPC Contract” | the EPC contract entered into between Jingjiang Shuangbai and Kunming Engineering dated 30 October 2023 in relation to the construction of the Yunnan EPC Projects |

“Yunnan EPC Projects” the photovoltaic power generation projects located in Chuxiong Shuangbai Yingxiong Village, Ge San Lang Village, Yu Long Village, and Xin Baiqing Village, Yunnan Province of the PRC with an aggregate planned construction capacity of 295MW

“%” 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*