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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
LAND LEASE CONTRACTS AND
CROP COMPENSATION CONTRACTS**

On 27 December 2023, the Lessee, a subsidiary of the Company, entered into the Land Lease Contracts with the Lessor, pursuant to which the Lessor agreed to lease the Plots to the Lessee for a term of 20 years commencing from the date of the Land Lease Contracts. On the same date, the Lessee and the Lessor also entered into the Crop Compensation Contracts, pursuant to which the Lessee agreed to pay Crop Compensation to the Lessor pursuant to the applicable laws and regulations.

With respect to the Land Lease Contracts, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the entering into of the Land Lease Contracts exceeds 5% but is less than 25%, the entering into of the Land Lease Contracts constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules. With respect to the Crop Compensation Contracts, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the entering into of the Crop Compensation Contracts exceeds 5% but is less than 25%, the entering into of the Crop Compensation Contracts constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 27 December 2023, the Lessee, a subsidiary of the Company, entered into the Land Lease Contracts with the Lessor, pursuant to which the Lessor agreed to lease the Plots to the Lessee for a term of 20 years commencing from the date of the Land Lease Contracts (i.e., 27 December 2023). On the same date, the Lessee and the Lessor also entered into the Crop Compensation Contracts, pursuant to which the Lessee agreed to pay Crop Compensation to the Lessor pursuant to the applicable laws and regulations.

THE LAND LEASE CONTRACTS

Each of the Land Lease Contracts is of similar principal terms except for the particulars of Plots and the corresponding land rental to be paid in respect of each Plots. The principal terms of the Land Lease Contracts are set out as follows:

Date

27 December 2023

Parties

The Lessor: Lianjiang Xinhao

The Lessee: Jingneng Lianjiang

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Plots to be leased

1. Under the terms of the Land Lease Contract 1, the Lessor agreed to lease the Plot 1, which consists of a land parcel of approximately 2,585 mu, located at Lianjiang City, Guangdong Province, PRC.
2. Under the terms of the Land Lease Contract 2, the Lessor agreed to lease the Plot 2, which consists of a land parcel of approximately 1,361 mu, located at Lianjiang City, Guangdong Province, PRC.
3. Under the terms of the Land Lease Contract 3, the Lessor agreed to lease the Plot 3, which consists of a land parcel of approximately 344 mu, located at Lianjiang City, Guangdong Province, PRC.
4. Under the terms of the Land Lease Contract 4, the Lessor agreed to lease the Plot 4, which consists of a land parcel of approximately 109 mu, located at Lianjiang City, Guangdong Province, PRC.

The precise area of the Plots will be determined upon the completion of the surveying and mapping of the Plots.

Term

The initial term of the Land Lease Contracts shall be 20 years commencing from the date of the Land Lease Contracts (i.e., 27 December 2023). Upon the expiry of the initial term, the Land Lease Contracts will be renewed for a term of six years under the same conditions at the discretion of the Lessee.

Use of the Plots

The Plots shall be used for the construction of the Photovoltaic Power Generation Projects.

Land Rental

Pursuant to the Land Lease Contracts, the land rental of the Plots (the “**Land Rental**”) shall be calculated at an agreed unit price of RMB1,700 per mu per annum (tax-inclusive). Therefore, the total Land Rental of the Plots for the term of the Land Lease Contracts is estimated to be approximately RMB194 million.

The unit price of the Land Rental was determined between the Lessor and the Lessee after arm’s length negotiations with reference to the rental costs of the lands for other similar photovoltaic power generation projects of the Group, as well as the rental prices of land in nearby areas.

Payment terms

The first payment of Land Rental shall be made within 15 working days upon:

1. the provision of relevant ownership/land use rights certificates by the Lessor;
2. the obtaining of the approval and permission from the relevant authorities pursuant to the applicable laws and regulations with respect to the Land Lease Contracts;
3. the obtaining of the relevant red-line maps of the Plots; and
4. the transfer of the right to use of the Plots to the Lessee.

The subsequent payments of Land Rental shall be made on an annual basis by the Lessee within 15 working days upon the issuance of the corresponding special value-added tax invoices by the Lessor.

Termination of the Land Lease Contracts

The Land Lease Contracts may be mutually terminated by Lessor and the Lessee in writing. The Land Lease Contracts may also be terminated after arm's length negotiations between the Lessor and the Lessee upon the occurrence of force majeure events or material adverse changes in photovoltaic policies in the PRC.

INFORMATION OF THE PLOTS

The Plots consist of four land parcels, namely Plot 1, Plot 2, Plot 3 and Plot 4, all located at Lianjiang City, Guangdong Province, PRC with an aggregated area of approximately 4,399 mu. The Plots are owned by the Agricultural Economic Cooperative and Chenguang Farm and leased to the Lessor pursuant to the applicable laws and regulations for a term of 26 years. As at the date of this announcement, the Plots remain undeveloped with Compensated Crops growing on them.

Pursuant to HKFRS 16, the Plots will be recognised by the Group as a right-of-use asset, in which the value is approximately RMB240 million, amortised over the lease term on a straight-line basis.

CROP COMPENSATION

On 27 December 2023, the Lessor and the Lessee also entered into the Crop Compensation Contracts, pursuant to which the Lessee agreed to pay Crop Compensation to the Lessor amounted to approximately RMB154 million. The Crop Compensation was determined after arm's length negotiations between the Lessor and the Lessee after taking into account of the current value of the Compensated Crops, the estimated economic value of the crops originally planned to be planted on the Plots during the term of the Land Lease Contracts, as well as the relevant requirements under the Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) and Law of the People's Republic of China on Land Contracting in Rural Areas (中華人民共和國農村土地承包法). The Crop Compensation shall be paid by the Lessee to the Lessor by instalments according to the development stage of the Photovoltaic Power Generation Projects, details are as following:

1. 20% of the Crop Compensation shall be paid upon the transfer of the possession of the Plots;
2. 50% of the Crop Compensation shall be paid upon the commencement of the development of the Photovoltaic Power Generation Projects;

3. 20% of the Crop Compensation shall be paid in line with the development process of the Photovoltaic Power Generation Projects; and
4. the remaining Crop Compensation shall be paid upon the grid connection of the Photovoltaic Power Generation Projects in full capacity.

INFORMATION ABOUT 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 development, investment, operation and management of power plants and other clean energy projects.

Jingneng Lianjiang, the Lessee of the Land Lease Contracts, is a company established in the PRC with limited liability and a subsidiary of the Company. Jingneng Lianjiang primarily engaged in the businesses of generation of electricity power, the transmission of electricity power and the supply (distribution) of electricity power.

Lianjiang Xinhao, the Lessor of the Land Lease Contracts, is a company established in the PRC with limited liability and is ultimately owned by two natural persons, namely Han Junxiong (韓軍雄) and Zhong Qibang (鐘其榜). Lianjiang Xinhao primarily engaged in the provision of agricultural land development and consolidation services, as well as land use rights leasing services. Lianjiang Xinhao leased the Plots from the Agricultural Economic Cooperative and Chenguang Farm for a term of 26 years.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND LEASE CONTRACTS

The Group has been actively pursuing the development of clean energy including photovoltaic power generation business. According to the business plan of the Group, the Plots shall be used for the construction of Photovoltaic Power Generation Projects, which are the first batch of centralised photovoltaic power generation projects self-developed by the Group in Guangdong Province and also a breakthrough of the Group for the self-development in new energy field in Guangdong Province. Therefore, the entering of the Land Lease Contracts and Crop Compensation Contracts represents a solid step of the implementation of the Photovoltaic Power Generation Projects and represents the Group's continuing effort to develop clean energy, it will further promote the development of regional economy and environmental protection, and facilitate the transformation and upgrading of the local energy structure.

In view of the above, the Directors have reviewed the Land Lease Contracts and the Crop Compensation Contracts and are of the view that the terms and conditions of the Land Lease Contracts and the Crop Compensation Contracts 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

With respect to the Land Lease Contracts, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the entering into of the Land Lease Contracts exceeds 5% but is less than 25%, the entering into of the Land Lease Contracts constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules. With respect to the Crop Compensation Contracts, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the entering into of the Crop Compensation Contracts exceeds 5% but is less than 25%, the entering into of the Crop Compensation Contracts constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agricultural Economic Cooperative”	the Agricultural Economic Cooperative of Daling Village, Hengshan town, Lianjiang City (廉江市橫山鎮大嶺村經濟合作社農民集體), being the owner of the Plots
“Board”	the board of Directors of the Company
“Chenguang Farm”	Guangdong Nongken Chenguang Farm Co., Ltd.* (廣東農墾晨光農場有限公司), being the owner of the Plots
“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)
“Compensated Crops”	crops growing on the Plots as of the date of the Land Lease Contracts, which subject to the compensation arrangements under the Crop Compensation Contracts, mainly include lychee and longan

“Crop Compensation”	the compensation to be paid by the Lessee to the Lessor under the Crop Compensation Contracts, which amounted to approximately RMB154 million in total
“Crop Compensation Contracts”	four crop compensation contracts entered into between the Lessee and Lessor in respect of the Crop Compensation, as further described under “Crop Compensation” above
“connected persons”	has the meaning as described thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jingneng Lianjiang”	Jingneng (Lianjiang) Photovoltaic Power Generation Co., Ltd.* (京能(廉江)光伏發電有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Land Lease Contracts”	four land lease contracts entered into between the Lessee and the Lessor with respect to the leasing of the Plots, including Land Lease Contract 1, Land Lease Contract 2, Land Lease Contract 3 and Land Lease Contract 4
“Land Lease Contract 1”	the land lease contract dated 27 December 2023 entered into between the Lessee and the Lessor with respect to the leasing of Plot 1
“Land Lease Contract 2”	the land lease contract dated 27 December 2023 entered into between the Lessee and the Lessor with respect to the leasing of Plot 2
“Land Lease Contract 3”	the land lease contract dated 27 December 2023 entered into between the Lessee and the Lessor with respect to the leasing of Plot 3
“Land Lease Contract 4”	the land lease contract dated 27 December 2023 entered into between the Lessee and the Lessor with respect to the leasing of Plot 4

“Lessee”	the lessee under the Land Lease Contracts, namely Jingneng Lianjiang
“Lessor”	the lessor under the Land Lease Contracts, namely Lianjiang Xinhao
“Lianjiang Xinhao”	Lianjiang Xinhao Agricultural Development Co., Ltd.* (廉江市新昊農業發展有限公司), 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
“mu”	mu (畝), a Chinese unit of measurement, equivalent to 666 ² / ₃ square meters
“Photovoltaic Power Generation Projects”	the photovoltaic power generation projects to be constructed and developed by the Group on the Plots
“Plots”	four land parcels to be leased by the Lessor to the Lessee pursuant to the Land Lease Contracts, including Plot 1, Plot 2, Plot 3 and Plot 4, details are set forth in “Information of the Plots” above
“Plot 1”	a land parcel to be leased by the Lessor to the Lessee pursuant to Land Lease Contract 1, with an area of approximately 2,585 mu, located at Lianjiang City, Guangdong Province, PRC
“Plot 2”	a land parcel to be leased by the Lessor to the Lessee pursuant to Land Lease Contract 2, with an area of approximately 1,361 mu, located at Lianjiang City, Guangdong Province, PRC

“Plot 3”	a land parcel to be leased by the Lessor to the Lessee pursuant to Land Lease Contract 3, with an area of approximately 344 mu, located at Lianjiang City, Guangdong Province, PRC
“Plot 4”	a land parcel to be leased by the Lessor to the Lessee pursuant to Land Lease Contract 4, with an area of approximately 109 mu, located at Lianjiang City, Guangdong Province, PRC
“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
“subsidiary(ies)”	have the same meanings ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 27 December 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*