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*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 2868)**

## **CONTINUING CONNECTED TRANSACTIONS NEW LEASE AGREEMENT AND REVISION OF ANNUAL CAPS OF PREVIOUS LEASE AGREEMENT**

References are made to the circular of the Company dated 29 June 2016 in relation to the acquisition of Donghuan Xinrong and the announcement of the Company dated 27 January 2017 in relation to the completion of the acquisition of equity interests in Donghuan Xinrong, including the entering into of the lease agreements between Donghuan Xinrong and Capital Group, as well as its associates and/or subsidiaries, which constituted continuing connected transactions of the Company under the Listing Rules.

On 4 May 2018, Donghuan Xinrong (a wholly-owned subsidiary of the Company and as the lessor) entered into the New Lease Agreement with Capital Group (a connected person of the Company). The transactions thereunder constitute continuing connected transactions of the Company under the Listing Rules.

In addition, on 4 May 2018, Donghuan Xinrong and Capital Group entered into the Supplemental Lease Agreement so as to receive the corresponding property management fees of the leased properties under the Previous Lease Agreement. Accordingly, the annual caps of continuing connected transactions under Previous Lease Agreement shall be revised.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement and the Supplemental Lease Agreement on an aggregate basis are less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

References are made to the circular of the Company dated 29 June 2016 in relation to the acquisition of Donghuan Xinrong and the announcement of the Company dated 27 January 2017 in relation to the completion of the acquisition of equity interests in Donghuan Xinrong, including the entering into of the lease agreements between Donghuan Xinrong and Capital Group, as well as its associates and/or subsidiaries, which constituted continuing connected transactions of the Company under the Listing Rules.

## A. NEW LEASE AGREEMENT

On 4 May 2018, Donghuan Xinrong entered into the New Lease Agreement with Capital Group. The transactions thereunder constitute continuing connected transactions of the Company under the Listing Rules. The terms of the New Lease Agreement are set out below:

### Date

4 May 2018

### Parties

- (i) Donghuan Xinrong (as the lessor); and
- (ii) Capital Group.

### New Leased Property

Unit	Total GFA <i>sq.m</i>	Term of the lease agreement	Usage	Monthly rent payable under the lease agreement <i>(RMB)</i>
Room 1001A, Capital Building* (首創大廈)	81.39	4 May 2018 to 3 May 2019	Office	22,998.44

## **Rental Payment**

The monthly rent receivable by Donghuan Xinrong includes property management fees of RMB24/sq.m per month, exclusive of water and electricity fees and other charges. The rent for the New Leased Property shall be payable semi-annually. Capital Group shall also be responsible for the water and electricity fees and other charges in relation to the New Leased Property.

## **Renewal of the New Lease Agreement**

The New Lease Agreement may be renewed by notice in writing from Capital Group no later than 90 days prior to the expiration of the lease term on terms to be agreed between the parties based on the prevailing market conditions and in compliance with the Listing Rules.

## **Historical Transaction Values**

For the year ended 31 December 2017, the rent of the New Leased Property was approximately RMB197,000.

## **B. SUPPLEMENTAL LEASE AGREEMENT ENTERED INTO BY DONGHUAN XINRONG AND CAPITAL GROUP IN RELATION TO THE REVISION OF THE PREVIOUS LEASE AGREEMENT**

References are made to the circular of the Company dated 29 June 2016 in relation to the acquisition of Donghuan Xinrong and the announcement of the Company dated 27 January 2017 in relation to the completion of the acquisition of equity interests in Donghuan Xinrong. On 3 June 2016, Donghuan Xinrong entered into the Previous Lease Agreement with Capital Group in relation to the leasing of office units with a total gross floor area of 8,044.13 sq.m, together with 43 car parking spaces from Donghuan Xinrong to Capital Group. Upon the completion of the acquisition of equity interests in Donghuan Xinrong, the Previous Lease Agreement and the transactions thereunder constituted continuing connected transactions under the Listing Rules.

Pursuant to the Previous Lease Agreement, the estimated total annual rent receivable by Donghuan Xinrong from those leased properties was approximately RMB25,294,830, exclusive of property management fees, water and electricity fees and other charges.

On 4 May 2018, Donghuan Xinrong entered into the Supplemental Lease Agreement with Capital Group and agreed that prior to the expiry of the Previous Lease Agreement (i.e. 5 December 2019), Donghuan Xinrong shall receive the corresponding annual property management fees of the leased properties under the Previous Lease Agreement amounting RMB2,316,710, with a standard charge of RMB24/sq.m per month. Apart from the amendment mentioned above, other terms remained unchanged.

### **Historical Transaction Values**

For the year ended 31 December 2017, the rent and property management fees of the leased property under the Previous Lease Agreement were approximately RMB25,294,830 and 2,386,000, respectively.

### **REVISION OF ANNUAL CAPS**

Subject to the entering into of the New Lease Agreement and the Supplemental Lease Agreement, the Board estimates that the annual caps for the amounts to be received by Donghuan Xinrong from Capital Group, calculated on an aggregate basis, shall be revised as follows:

<b>Financial year</b>	<i>RMB</i>
As at 31 December 2018	27,000,000
As at 31 December 2019	29,700,000

The above annual caps have been determined on arm's length basis, taking into account (a) the rent and property management fees in respect of the New Leased Property and the leased properties under the Previous Lease Agreement for the year ended 31 December 2017; (b) the prevailing market rent of comparable properties in the surrounding areas of Capital Building\* (首創大廈); (c) the office rent and property management fees recently negotiated by Donghuan Xinrong on arm's length basis with independent third-party lessees of Capital Building\* (首創大廈); (d) the office rent and property management fees are subject to adjustment upon renewal, based on the prevailing market rent taking into account of (b) and (c) above.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW LEASE AGREEMENT AND THE SUPPLEMENTAL LEASE AGREEMENT**

Capital Group intends to rent the New Leased Property for office use. The Company considers that the leasing of the New Leased Property by Donghuan Xinrong to Capital Group is conducted in the Group's ordinary and usual course of business based on the commercial needs of the Group and Capital Group. The Group will obtain stable and sustainable rental income at market rates from Capital Group pursuant to the New Lease Agreement. In addition, lease management is the ordinary and usual business of Donghuan Xinrong; and entering into the Supplemental Lease Agreement facilitates the standardization of the terms concerning property management fees under the existing lease agreements. Therefore, the Directors (including the independent non-executive Directors) believe that the terms of the continuing connected transactions contemplated under the New Lease Agreement and the Supplemental Lease Agreement are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct an annual review of the continuing connected transactions in accordance with the Listing Rules requirements.

None of the Directors has material interests in these transactions and is required to abstain from voting on the relevant Board resolutions. However, Mr. Li Songping and Mr. Su Jian, for reasons of their directorships and/or management roles in Capital Group, have abstained from voting on a voluntary basis.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Group is the controlling shareholder of the Company, and therefore is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions between Donghuan Xinrong, a wholly-owned subsidiary of the Company, and the connected persons contemplated under the New Lease Agreement and the Supplemental Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the New Lease Agreement and the Supplemental Lease Agreement on an aggregate basis are less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION ON THE PARTIES**

### **The Company**

The Company is a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2868). The Company is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development, complemented by innovative business areas such as high-tech industry properties and the cultural and creative industries.

### **Donghuan Xinrong**

Donghuan Xinrong is a company incorporated in the PRC and a wholly-owned subsidiary of the Company primarily engaged in the property management and leasing of offices in Capital Building\* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District\* in Beijing (北京市東城區朝陽門北大街6號).

### **Capital Group**

Capital Group is a state-owned enterprise incorporated in the PRC under the direct supervision of the Beijing Municipal Government and is the controlling shareholder and a connected person of the Company.

## **DEFINITIONS**

In this announcement, the following terms have the meanings set forth below unless otherwise defined:

“Board”	the board of Directors of the Company
“Capital Group”	Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), a state-owned enterprise incorporated in the PRC on 26 October 1994 and under the direct supervision of the Beijing Municipal Government, the controlling shareholder of the Company and a connected person of the Company

“Company” or “Group”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Donghuan Xinrong”	Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“H share(s)”	the ordinary share(s) of the Company with a nominal value of RMB1.00 each which are issued outside the PRC, listed on the Stock Exchange and traded in Hong Kong Dollar
“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 from time to time
“Percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“New Lease Agreement”	the lease agreement entered into between Donghuan Xinrong and Capital Group on 4 May 2018 in relation to the leasing of the New Leased Property by Donghuan Xinrong to Capital Group
“New Leased Property”	the property unit leased to Capital Group under the New Lease Agreement, namely Room 1001A, Capital Building* (首創大廈)

“Previous Lease Agreement”	the lease agreement entered into between Donghuan Xinrong and Capital Group on 3 June 2016 in relation to certain units in Capital Building* (首創大廈)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Supplemental Lease Agreement”	the supplemental lease agreement to the Previous Lease Agreement entered into between Donghuan Xinrong and Capital Group on 4 May 2018 in relation to the amendments to the terms concerning the corresponding property management fees for the leased properties receivable by Donghuan Xinrong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

\* *The English name is a translation of its Chinese name and is included for identification purposes only.*

By Order of the Board  
**Beijing Capital Land Ltd.**  
**Lee Sze Wai**  
*Company Secretary*

Hong Kong, 4 May 2018

*The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Zhong Beichen (President), Mr. Li Xiaobin, Mr. Hu Weimin and Mr. Fan Shubin who are the executive Directors, Mr. Su Jian who is the non-executive Director, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.*