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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 FRAMEWORK LEASE AGREEMENT

References are made to the announcements of the Company dated 27 January 2017 and 4 May 2018 in relation to, among others, the entering into of the lease agreements between Donghuan Xinrong (a wholly-owned subsidiary of the Company) and Capital Group and its subsidiaries for the leasing of certain properties in Capital Building in Beijing, the PRC.

On 6 December 2019, Donghuan Xinrong and Capital Group have entered into the Framework Lease Agreement, pursuant to which Donghuan Xinrong shall lease the Properties in Capital Building to Capital Group and its subsidiaries, for a term of three years. The Framework Lease Agreement will govern Existing Lease Agreements and lease agreements relating to the leasing of Capital Building which may be entered into during the term of the Framework Lease Agreement between Donghuan Xinrong and Capital Group and its subsidiaries.

As Capital Group is a connected person of the Company, the transactions contemplated under the Framework Lease Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps under the Framework Lease Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial adviser's advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

References are made to the announcements of the Company dated 27 January 2017 and 4 May 2018 in relation to, among others, the entering into of the lease agreements between Donghuan Xinrong (a wholly-owned subsidiary of the Company) and Capital Group and its subsidiaries for the leasing of certain properties in Capital Building in Beijing, the PRC.

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FRAMEWORK LEASE AGREEMENT

The principal terms of the Framework Lease Agreement are set out below:

Date

6 December 2019

Parties

- (i) Donghuan Xinrong (a wholly-owned subsidiary of the Company); and
- (ii) Capital Group (a connected person of the Company).

Term

Three years, from 6 December 2019 to 5 December 2022 (both days inclusive)

Subject matter

Pursuant to the Framework Lease Agreement, Donghuan Xinrong shall lease the Properties in Capital Building to Capital Group and its subsidiaries, and Donghuan Xinrong will enter into definitive agreements in respect of the relevant leases with Capital Group and its subsidiaries in accordance with the terms of the Framework Lease Agreement and the applicable laws and regulations (including, among others, the Listing Rules). The Framework Lease Agreement will govern Existing Lease Agreements and lease agreements relating to the leasing of Capital Building which may be entered into during the term of the Framework Lease Agreement between Donghuan Xinrong and Capital Group and its subsidiaries.

Pricing basis

The rent for each lease agreement (including the property management fees of the leased properties and other expenses) shall be negotiated on arm's length basis and on normal commercial terms between parties of the lease agreement with reference to the prevailing market rent of commercial or comparable properties (including, among others, comparable properties with similar gross floor area and facilities) in the surrounding areas of Capital Building.

Miscellaneous expenses

The utilities charges (such as water, electricity, gas as well as telephone and internet communication expense) and daily maintenance expenses relating to the Properties will be borne by Capital Group and/or its subsidiaries as lessee, where applicable. Relevant taxes and the structural repair costs of such leased properties will be borne by Donghuan Xinrong as lessor, where applicable.

Term of lease agreements

The term of each lease agreement entered into pursuant to and during the term of the Framework Lease Agreement shall be of three years or less and has the option to extend subject to negotiations between parties of the lease agreement.

Annual Caps

The annual caps (including the property management fees) for the amounts to be received by Donghuan Xinrong from Capital Group, calculated on an aggregate basis, for each of the periods specified is set out below:

<i>Period</i>	<i>RMB</i>
6 December 2019 to 31 December 2019	3,918,000
For the year ended 31 December 2020	57,503,000
For the year ended 31 December 2021	61,729,700
1 January 2022 to 5 December 2022	61,437,000

The above annual caps have been determined on arm's length basis, taking into account (a) the rent and property management fees incurred or to be incurred under the Existing Lease Agreements (including the renewal lease agreement entered into between Capital Group and Donghuan Xinrong dated 6 December 2019); (b) the potential increase or adjustment of office rental area by Capital Group and its subsidiaries in Capital Building during the term of the Framework Lease Agreement; (c) the prevailing market rent and market rental adjustment of comparable properties in the surrounding areas of Capital Building; (d) the level of office rent and property management fees negotiated by Donghuan Xinrong on arm's length basis with independent third-party lessees of Capital Building; (e) the approximately 8% annual increase in office rent and property management fees based on the prevailing market rental taking into account of (c) and (d) above.

HISTORICAL PAYMENT AMOUNTS

The historical payment amounts (including the property management fees) received by the Group from Capital Group and its subsidiaries for leasing of Properties in Capital Building, calculated on an aggregate basis, for each of the period specified is set out below:

<i>Period</i>	<i>RMB</i>
For the year ended 31 December 2017	33,710,000
For the year ended 31 December 2018	35,563,000
For the period from 1 January 2019 to 5 December 2019	36,714,000

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK LEASE AGREEMENT

The Company is of the view that the leasing of Capital Building is conducted in the Donghuan Xinrong's ordinary and usual course of business. The rent of the leasing of office premises to Capital Group and its subsidiaries is determined with reference to market rental. The Group will be able to secure long-term and stable tenants while generating stable income. By entering into the Framework Lease Agreement, the Group could coordinate and manage the lease agreements between Donghuan Xinrong and Capital Group and its subsidiaries, which is beneficial to the enhancement of management efficiency in leasing of Properties in Capital Building.

Therefore, the Directors (including the independent non-executive Directors) believe that the terms of the transactions contemplated under the Framework Lease Agreement, including the office rent and property management fees and proposed annual caps are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Save for 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, none of the Directors has any material interests in these transactions and is required to abstain from voting on the relevant Board resolutions.

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 Capital Group and its subsidiaries contemplated under the Framework 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 annual caps under the Framework Lease Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial adviser's advice) and 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 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 four core business streams of residential properties, integrated outlets, urban core integrated complexes and primary land development, complemented by innovative business areas such as high-tech industry properties, cultural and creative industries, and rental housing.

Donghuan Xinrong

Donghuan Xinrong is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company primarily engaged in the property management and leasing of offices in Capital Building.

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 Building”	Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing, the PRC (北京市東城區朝陽門北大街6號)
“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”	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 with limited liability and a wholly-owned subsidiary of the Company
“Existing Lease Agreements”	the lease agreements (including any supplemental agreements in relation to such agreements) between Donghuan Xinrong and Capital Group and its subsidiaries in relation to the leasing of the Properties subsisting as of the date of the Framework Lease Agreement
“Framework Lease Agreement”	the framework lease agreement entered into between Donghuan Xinrong and Capital Group dated 6 December 2019 in relation to the leasing of Properties in Capital Building to Capital Group and its subsidiaries
“Group”	the Company and its subsidiaries
“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
“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

“Properties”	certain properties in Capital Building leased by Donghuan Xinrong to the Capital Group and subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“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, 6 December 2019

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