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## **BEIJING PROPERTIES (HOLDINGS) LIMITED**

**北京建設（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 925)**

### **CONNECTED TRANSACTION IN RELATION TO THE LOAN AGREEMENT**

#### **LOAN AGREEMENT**

On 26 August 2020 (after trading hours of the Stock Exchange), the Borrower entered into the Loan Agreement with the Lenders, the Lead Bank and the Agent Bank, pursuant to which the Lenders agreed to provide the Loans of total amounts up to RMB1,300,000,000.

Pursuant to the Loan Agreement, the Borrower will also enter into the Pledge Agreement and the Company will enter into the Guarantee Agreement in favour of the Lenders as security for the Loans on or before the First Drawing Date.

#### **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, as the Company's ultimate controlling shareholder, BE Group owns not less than 30% equity interest in the 1st Lender. The 1st Lender is an associate of BE Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement and the Pledge Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the transactions contemplated under the Loan Agreement (in respect of the commitment of the 1st Lender under the Loan Agreement) and the Pledge Agreement (in respect of the proportional interest of the 1st Lender in the Pledge Agreement) are more than 5% and the Loans are secured on the Pledged Property, the entering of the Loan Agreement and the Pledge Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE SGM**

An SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve the Transactions. The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming, has been established to advise the Independent Shareholders in respect of the Transactions. Euto Capital Partners Limited has been appointed as the independent financial adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

A circular containing, among other things, further particulars of the Transactions, together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser, and a notice convening the SGM are expected to be despatched to the Shareholders on or before 16 September 2020.

## **INTRODUCTION**

On 26 August 2020 (after trading hours), the Borrower entered into the Loan Agreement with the Lenders, the Lead Bank and the Agent Bank, pursuant to which the Lenders agreed to provide the Loans of up to RMB1,300,000,000.

## THE LOAN AGREEMENT

The table below sets forth a summary of the principal terms of the Loan Agreement:

<b>Date</b>	26 August 2020 (after trading hours of the Stock Exchange)
<b>Parties</b>	<p>(1) Jiangsu Sunan Zhicheng Technology Development Co., Ltd. (江蘇蘇南智城科技發展有限公司) as the Borrower;</p> <p>(2) Beijing Enterprises Group Finance Co., Ltd. (北京控股集團財務有限公司) as the 1st Lender, a connected person of the Group;</p> <p>(3) Changzhou Branch of Bank of Communications Co., Ltd (交通銀行股份有限公司常州分行) as the 2nd Lender; and</p> <p>(4) Changzhou Xiaoyingqian Branch of Industrial and Commercial Bank of China (中國工商銀行股份有限公司常州小營前支行) as the 3rd Lender, the Lead Bank and the Agent Bank.</p> <p>To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the 2nd Lender and the 3rd Lender (including their respective ultimate beneficial owners) are Independent Third Parties.</p>
<b>Principal amount</b>	Total amounts of the Loans drawn under the Loan Agreement are up to a maximum amount of RMB1,300,000,000.

**Participations of  
the Lenders**

The Lenders agree to the following participations in the lending of the Loans:

	<i>RMB'million</i>	<i>Percentage</i>
1st Lender	200	15.38%
2nd Lender	500	38.46%
3rd Lender	<u>600</u>	<u>46.16%</u>
Total	<u><u>1,300</u></u>	<u><u>100%</u></u>

**Drawings**

The Borrower is entitled to make several drawings before 27 March 2030, subject to the fulfilment of the conditions precedent to such drawing. The first drawing should be made on or before 14 May 2021.

**Interest rate**

LPR

The interest rate under the Loan Agreement was determined based on the parties' arm's length negotiation with reference to, among others, the prevailing interest rates quoted by the commercial banks in the PRC and the benchmark rate provided by The People's Bank of China.

**Usage**

Solely for the construction of the Project of the Borrower.

**Term**

Please refer to the repayment schedule set out below.

## Repayment

The Borrower shall repay the Loans as follows:

Planned Repayment Date	Planned Repayment Amount
21 February 2023	RMB25 million
21 August 2023	RMB25 million
21 February 2024	RMB75 million
21 August 2024	RMB75 million
21 February 2025	RMB80 million
21 August 2025	RMB80 million
21 February 2026	RMB90 million
21 August 2026	RMB90 million
21 February 2027	RMB95 million
21 August 2027	RMB95 million
21 February 2028	RMB95 million
21 August 2028	RMB95 million
21 February 2029	RMB95 million
21 August 2029	RMB95 million
21 February 2030	RMB95 million
21 August 2030	<u>RMB95 million</u>
Total	<u><u>RMB1,300 million</u></u>

Provided that if the total amount of the actually borrowed Loans is less than RMB1,300 million, the planned repayment amount shall be reduced in reverse order.

## Early repayment

The Borrower can repay all or part of the Loans that have been drawn but not yet repaid at any time before the planned repayment dates set out in the repayment schedule, provided that the Borrower shall provide a notice of no less than 30 Business Days in advance to the Agent Bank and obtain the written consent of the Agent Bank. The amount of repayment should be at least RMB5 million and in multiples of RMB5 million (or any other amount as agreed with the Agent Bank (based on the decision of the majority of the Lenders)).

**Default**

If the Borrower fails to repay the principal and accrued interests of the Loans or commits any of the default events as specified under the Loan Agreement, the Lenders shall have the right to declare the Loans, the interests due, and any amounts to be paid under the Loan Agreement to be immediately payable or exercise all or any of the rights or compensation under the Loan Agreement.

**Conditions precedent**

The first drawing of the Loans under the Loan Agreement is subject to, among others, the following conditions:

- (1) the Borrower having entered into the Pledge Agreement with the Lenders, the Lead Bank and the Agent Bank, pursuant to which the Borrower agrees to pledge the Pledged Property in favour of the Lenders as collateral for the Loans and the registration of the pledge having been completed;
- (2) the Company having entered into the Guarantee Agreement with the Lenders, the Lead Bank and the Agent Bank in favour of the Lenders, pursuant to which the Company agrees to guarantee the repayment obligations of the Borrower under the Loan Agreement;
- (3) each of the Borrower and the Company having obtained their respective internal approvals for the Loan Agreement, the Pledge Agreement and the Guarantee Agreement;
- (4) the Company having obtained the approval of the Independent Shareholders with respect to the Loan Agreement and the transactions contemplated thereunder by way of ordinary resolution in general meeting in accordance with the Listing Rules, the memorandum and articles of association of the Company and applicable laws;

- (5) the Borrower having provided all documents as required by the Lenders, including without limitation, the Certificate of Incorporation, the Memorandum and Articles of Association, the identification documents of legal representatives, the Capital Contribution Verification Report, the relevant board resolutions and/or shareholders resolutions approving, among others, the entering into of the Loan Agreement and the transactions contemplated hereunder, the latest annual report and any other documents requested by the Lenders; and
- (6) the project capital of the Project having been raised in accordance with the capital ratio of the applicable laws and regulations.

## Security

Pursuant to the Loan Agreement, the Borrower agrees to enter into the Pledge Agreement and the Company agrees to enter into the Guarantee Agreement in favour of the Lenders as security for the Loans.

Pursuant to the Loan Agreement, the Borrower further agrees that upon completion of the construction work of the Project and after obtaining the ownership certificate(s) of the properties constructed (the “**Constructed Properties**”), it will (i) withdraw the pledge of the land on which the Constructed Properties are located under the Pledge Agreement; and (ii) pledge the Constructed Properties as security to the Agent Bank (for and on behalf of all the Lenders) within 3 months upon such withdrawal. The Borrower shall complete the necessary procedures for the pledge of the Constructed Properties by the end of 2023.

Please refer to the paragraphs headed “The Pledge Agreement” and “The Guarantee Agreement” below for details.

## THE PLEDGE AGREEMENT

In consideration of the provision of the Loans to the Borrower under the Loan Agreement, the Pledge Agreement shall be entered into by the Borrower as pledgor, the Lenders as pledgee, the Lead Bank and the Agent Bank on or before the First Drawing Date, pursuant to which the Borrower agrees to pledge to the Lenders the Pledged Property as security to the obligations of the Borrower under the Loan Agreement.

The table below sets forth a summary of the principal terms of the Pledge Agreement:

### Parties

- (1) the Borrower as pledgor;
- (2) the Lenders as pledgee;
- (3) the Lead Bank; and
- (4) the Agent Bank.

### Subject

Pursuant to the Pledge Agreement, the Borrower agrees to pledge all the land use rights and assets (if any) on the Land as set out in the table below (collectively, the “**Pledged Property**”) to the Lenders as security to the obligations of the Borrower under the Loan Agreement:

Land	Property ownership certificate no.	Total land area
all the landed property owned by the Borrower and located at the east side of Qingyang North Road (青洋北路東側), and to the north side of Taihu Lake Road (太湖東路北側) in Tianning District, Changzhou City, Jiangsu Province, the PRC. As at the date of this announcement, the asset value of the land amounted to approximately RMB139.85 million.	0008518	Total land area of 133,181 square meters



**Term of the Pledge  
Agreement**

Being the period commencing from the First Drawing Date and up to the date on which the Borrower fulfills all its repayment obligations under the Loan Agreement.

**THE GUARANTEE AGREEMENT**

In consideration of the provision of the Loans to the Borrower under the Loan Agreement, the Guarantee Agreement shall be entered into by the Company as guarantor and the Lenders as guarantee, the Lead Bank and the Agent Bank, pursuant to which the Company agrees to provide a guarantee in favour of the Lenders of the total guaranteed amount equivalent to the total amount of the Loans up to a limit of RMB1,300,000,000.

**INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT**

**The Company**

The Company is an investment holding company incorporated in Bermuda. As at the date hereof, the Group is principally engaged in investment, development and operation of (i) high-end and modern general warehouses; (ii) cold chain logistics warehouses; (iii) specialised wholesale market for the trading and distribution of local agricultural products; (iv) modernized industrial plants; and (v) investments in commercial properties and primary land development.

**The Borrower**

The Borrower is a company established in the PRC with limited liability and a wholly-owned subsidiary of China Industrial Properties (Holdings) Limited (中國工業地產(控股)有限公司), a company owned as to approximately 72.48% by the Company. The Borrower is principally engaged in industrial property investment, development and operation management.

## **The Lenders**

### ***The 1st Lender***

The 1st Lender is a company established in the PRC with limited liability. As BE Group beneficially owns not less than 30% equity interest in the 1st Lender, the 1st Lender is an associate of BE Group. The establishment of the 1st Lender as a non-bank financial services institute has been approved by China Banking Regulatory Commission. The 1st Lender acts as a platform of BE Group for provision of intragroup facilities through financial products including deposit-taking, money-lending and custodian services, etc.

### ***The 2nd Lender***

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the 2nd Lender is a company established in the PRC and principally engaged in banking, investment management, industrial investment and asset management.

### ***The 3rd Lender***

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the 3rd Lender (also being the Lead Bank and the Agent Bank) is a company established in the PRC and principally engaged in banking, investment management, industrial investment and asset management.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

The area of the land of the Project is approximately 133,181 square metres located at the east side of Qingyang North Road (青洋北路東側), and to the north side of Taihu Lake Road (太湖東路北側) in Tianning District, Changzhou City, Jiangsu Province, the PRC, the land use rights of which are held by the Borrower. The land use rights of the property have been granted to the Borrower for a term of 50 years for industrial use. Upon completion of the construction work of the Project, it is expected that the Sunan Zhicheng Intelligence Industrial Park (the “SNZC”) erected under the Project comprises various medium-rise and low-rise buildings including 45 buildings, 1 data center and ancillary commercial facilities with a total gross floor area of approximately 477,579 square metres. The industrial operators and headquarters in SNZC will focus on high-end intelligent manufacturing, new-generation information technology and big data industry.

The Loan Agreement will enable the Borrower to obtain adequate funds to meet its financial needs for the construction and development of the Project. It is expected that the Project will generate income when the construction and development is completed, which is in the interest of the Company as a whole, and is in line with its business strategy and overall interest. In addition, the 1st Lender is a platform of BE Group for provision of intragroup financing facilities, it represents the financial support for the development of the Group’s business by BE Group.

The Board considers that (i) the interest rate of the Loans under the Loan Agreement is similar to the prevailing market interest rate; (ii) the Guarantee Agreement and Pledge Agreement are similar to those in the current market norm; and (iii) the tenor of the Loans is more flexible and less pressure for the Group’s to repay the Loans. The Directors are of the view that the Loan Agreement, the Guarantee Agreement and the Pledge Agreement are or will be entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, as the Company's ultimate controlling shareholder, BE Group owns not less than 30% equity interest in the 1st Lender. In this connection, the 1st Lender is an associate of BE Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement and the Pledge Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the transactions contemplated under Loan Agreement (in respect of the commitment of the 1st Lender under the Loan Agreement) and the Pledge Agreement (in respect of the proportional interest of the 1st Lender in the Pledge Agreement) are more than 5% and the Loans are secured on the Pledged Property which is an asset of the Group, the entering of the Loan Agreement and the Pledge Agreement by the Borrower is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the transactions contemplated under the Loan Agreement and the Pledge Agreement and abstained from voting on the Board resolutions to approve the transactions contemplated under the Loan Agreement and the Pledge Agreement.

## THE SGM

An SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, the Transactions contemplated thereunder.

The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming, has been established to advise the Independent Shareholders in respect of the Transactions. Euto Capital Partners Limited has been appointed as the independent financial adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

A circular containing, among other things, further particulars of the Transactions, together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser, and a notice convening the SGM are expected to be despatched to the Shareholders on or before 16 September 2020.

## DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BE Group”	Beijing Enterprises Group Company Limited (北京控股集團有限公司), a company established in the PRC with limited liability, which is a substantial shareholder of the Company
“Board”	the board of Directors from time to time

“Borrower”	Jiangsu Sunan Zhicheng Technology Development Co., Ltd. (江蘇蘇南智城科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Industrial Properties (Holdings) Limited, a company owned as to approximately 72.48% by the Company
“Business Day”	a day which is not a Saturday, Sunday (not including Saturday or Sunday on which the staff are required to work for arrangement of leaves under the statutory regulations of the PRC) or statutory public holiday on which the Lenders are open for banking business
“Company”	Beijing Properties (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 925)
“Conditions Precedent”	the conditions precedent under the Loan Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“First Drawing Date”	the drawdown date on which the Borrower draws the first amount of the Loans, which should be no later than 14 May 2021
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement to be entered into between the Company and the Lenders, the Lead Bank and the Agent Bank, pursuant to which the Company agrees to provide a guarantee in favour of the Lenders as security for the Borrower’s obligations under the Loan Agreement

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming
“Independent Financial Adviser”	Euto Capital Partners Limited
“Independent Shareholders”	Shareholders other than BE Group and its associate
“Independent Third Party(ies)”	person(s) or company(ies) who by themselves and together with their respective ultimate beneficial owners(s) (as the case may be) is(are) independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons
“Lead Bank” or “Agent Bank” or “3rd Lender”	Changzhou Xiaoyingqian Branch of Industrial and Commercial Bank of China (中國工商銀行股份有限公司常州小營前支行), a company established in the PRC with limited liability
“Lenders”	the 1st Lender, the 2nd Lender and the 3rd Lender
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	the loan(s) drawn by the Borrower under the Loan Agreement with total principal amounts of up to a maximum amount of RMB1,300,000,000

“Loan Agreement”	the fixed asset syndicated loan agreement dated 26 August 2020 and entered into by the Borrower, the Lenders, the Lead Bank and the Agent Bank in relation to the provision of the Loans by the Lenders to the Borrower
“LPR”	the loan market quoted annual interest rate for loans with an above-5-year tenor published by the National Interbank Funding Center from time to time
“Pledge Agreement”	the pledge agreement to be entered into by the Borrower, the Lenders, the Lead Bank and the Agent Bank in relation to the pledge of the Pledged Property as security for the obligations of the Borrower under the Loan Agreement
“Pledged Property”	the property defined in the paragraph headed “Pledged Agreement” in the announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Project”	the project on the development of industrial properties in Changzhou City, Jiangsu Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Transactions
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company



“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Loan Agreement, including without limitation the Guarantee Agreement and the Pledge Agreement
“1st Lender”	Beijing Enterprises Group Finance Co., Ltd. (北京控股集團財務有限公司), a company established in the PRC with limited liability and is an associate of BE Group
“2nd Lender”	Changzhou Branch of Bank of Communications Co., Ltd (交通銀行股份有限公司常州分行), a company established in the PRC with limited liability
“%”	per cent

By order of the Board  
**Beijing Properties (Holdings) Limited**  
**Cheng Ching Fu**  
*Company Secretary*

Hong Kong, 26 August 2020

*In this announcement, the English translation of certain Chinese names, project description and entities is included for information purpose only and should not be regarded as official English translation of such Chinese names, project description and entities.*

*As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Li Changfeng, Mr. Cheng Ching Fu, Mr. Yu Luning and Mr. Ng Kin Nam are the executive Directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming are the independent non-executive Directors.*