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首創置業股份有限公司 BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

DISCLOSEABLE AND CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

SUMMARY

On 11 November 2020, the Seller (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, among others things,

1. the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Equity Interest (representing 14.99% of the registered capital of the Project Company as at the date of this announcement) at a cash consideration of RMB869,435 and there shall be the Capital Contribution, being an amount of RMB14,990,000, by the Purchaser to the Project Company in proportion to Equity Interest. Upon Completion of the Equity Transfer, the Project Company will be owned by the Seller and the Purchaser as to 85.01% and 14.99%, respectively;
2. immediately upon Completion, there shall be the Capital Increase of the Project Company of an aggregate amount of RMB1,380,000,000 on pro rata basis in accordance with the then equity interests of the Seller and the Purchaser in the Project Company; and
3. there shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into equity of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase.

The Project Company is primarily engaged in the development of the Dawayao Site located in Beijing, the PRC.

LISTING RULES IMPLICATIONS

As the Purchaser is an associate of Capital Group, which is a controlling shareholder of the Company, the Purchaser is a connected person of the Company and thus upon Completion, the Project Company will be a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules and a connected person of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Consideration are less than 5%, the Equity Transfer is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Consideration are more than 0.1% but are all less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Capital Increase by the Purchaser are less than 5%, the Capital Increase by the Purchaser is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios in respect of the Capital Increase by the Seller exceeds 5% but are all less than 25%, the Capital Increase by the Seller constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As the Capital Increase in the Project Company by the Purchaser is in proportion to its share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the Capital Increase by the Purchaser is fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules. However, as one or more applicable percentage ratios in respect of the Capital Increase by the Seller is more than 5%, the Capital Increase by the Seller is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Shareholder's Loan will be conducted on normal commercial terms or better and no security over the assets of the Group will be provided, such transactions are fully exempted from the connected transaction requirements under Rule 14A.90 of the Listing Rules.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Equity Transfer Agreement and the transactions contemplated thereunder. Capital Group (being the controlling shareholder of the Company), its associates and any Shareholder who has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM for approving the proposed Equity Transfer Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

TUS Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding among others, the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) a valuation report in relation to the Dawayao Site; and (v) a notice of the EGM together with the form of proxy, is expected to be despatched to the Shareholders on or before 2 December 2020, so as to allow sufficient time for the preparation of the information required to be included in the circular.

Approval from the Independent Shareholders at the EGM is required for the Equity Transfer Agreement and the transactions contemplated thereunder, as such, the Transactions may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

On 11 November 2020, the Seller (an indirect wholly owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement in relation to, among other things, the Equity Transfer and the Capital Increase.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 11 November 2020

Parties: (a) the Seller, an indirect wholly owned subsidiary of the Company; and
(b) the Purchaser.

Subject matter

Pursuant to the Equity Transfer Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Equity Interest (representing 14.99% of the registered capital of the Project Company as at the date of this announcement). The Project Company is primarily engaged in the development of the Dawayao Site located in Beijing, the PRC and further details of the Project Company and the Dawayao Site are set out in the section headed “Information on the Project Company” below.

As at the date of this announcement, the Seller owns the entire equity interest in the Project Company and thus the Project Company is an indirect wholly-owned subsidiary of the Company. Immediately after the Completion of the Equity Transfer, the Project Company will be owned by the Seller and the Purchaser as to 85.01% and 14.99%, respectively, and thus the Project Company will be a non wholly-owned subsidiary of the Company and its financials will still be consolidated in the financial statements of the Group.

Consideration

The Consideration for the Equity Transfer shall be RMB869,435, which will be paid in cash by the Purchaser to the Seller, and the Capital Contribution, being an amount of RMB14,990,000, by the Purchaser to the Project Company in proportion to the Equity Interest.

The Consideration was determined based on arm’s length negotiations between the Seller and the Purchaser on normal commercial terms after taking into account of, among other things, (a) the appraised net assets value of the Project Company of approximately RMB5,800,100 as at 31 August 2020; (b) the registered capital of the Project Company; and (c) the proportion of the Equity Interest to be acquired by the Purchaser.

The Capital Increase in the Project Company

Immediately upon Completion, there shall be the Capital Increase in the registered capital of the Project Company of an aggregate amount of RMB1,380,000,000 on pro rata basis in accordance with the then equity interests of the Seller and the Purchaser in the Project Company. According to their pro-rata basis of 85.01% and 14.99%, the Capital Increase by the Seller and the Purchaser to the Project Company will be RMB1,173,138,000 and RMB206,862,000, respectively. After Completion and the Capital Increase, the total registered capital together with the capital reserves of the Project Company will amount to RMB1,480,000,000.

The Capital Increase by the Seller and the Purchaser to the Project Company was determined with reference to the land acquisition costs for the Dawayao Site and the funds for future development and the capital requirements for the Project Company to developing and constructing the Dawayao Site.

The Shareholder's Loan

Pursuant to the Equity Transfer Agreement, there shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into the registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase.

Conditions

The Equity Transfer Agreement will be legally effective upon the signing of the Equity Transfer Agreement by the parties, the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the board of directors of the Purchaser and the passing of resolution(s) approving the Equity Transfer Agreement and the transactions contemplated thereunder by the Independent Shareholders of the Company at the EGM in accordance with the Listing Rules.

Completion

Completion shall take place on the date of completion of the registration of the changes of the Equity Interest with the relevant PRC authorities.

The board of directors of the Project Company

Upon the Completion, the Project Company's board of directors shall consist of five directors, among which the Purchaser will appoint one director.

INFORMATION ON THE PROJECT COMPANY

The Project Company is established on 31 July 2020 under the laws of the PRC with limited liability, and is primarily engaged in the investment and development of the Dawayao Site. As at the date of this announcement, the registered capital of the Project Company was RMB100,000,000, which is unpaid. The Project Company has no material operations since establishment, save and except for the acquisition of the Dawayao Site.

The Dawayao Site

The Dawayao Site was acquired through public tender in July 2020 and has been held by the Project Company since acquisition. Details of the Dawayao Site are listed below:

Location:	Lugouqiao Dawayao of Fengtai District (豐台區盧溝橋大瓦窯) in Beijing, the PRC
Total site area:	approximately 44,670 sq.m.
Total planned gross floor area:	approximately 119,857 sq.m.
Nature of the land use rights:	Residential, commercial and other facilities
Term of the land use rights:	70 years for residential, 40 years for commercial and 50 years for offices
Land premium:	RMB2,960,000,000

Financial Information

Since there was no material operations after the establishment of the Project Company (save and except for the acquisition of the Dawayao Site), therefore no material profits or losses have been recorded.

The main asset of the Project Company is the Dawayao Site, and the audited net assets of the Project Company as at 31 August 2020 was approximately nil. The appraised net assets value of the Project Company was approximately RMB5,800,100 as at 31 August 2020, which was solely contributed by valuation gain from the Dawayao Site.

FINANCIAL EFFECT OF THE TRANSACTION AND USE OF PROCEEDS

The net proceeds from the Equity Transfer will be used as general working capital. Based on preliminary assessment, it is expected that the Group will record a gain of approximately RMB869,000 as a result of the Equity Transfer, subject to the final audit to be performed by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

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 the four main business streams of residential property development, integrated outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industrial property developments, cultural and creative industrial property developments and rental housing.

Dawayao Site is situated in a prime location overlapping area of Lize Business District and Fengtai Technology Park in Beijing and has geographic advantages as it is adjacent to subway stations and expressways, which brings Dawayao Site a scarce investment opportunity. The Purchaser is controlled by Capital Group and is authorised by the PRC governmental bodies to engage in the primary land development in the Dawayao Greenbelt, including the Dawayao Site, the Purchaser is responsible for the implement of Beijing Greenbelt and the primary commercial land development. The Company intends to leverage on the synergies across internal business segments within Capital Group, so as to facilitate the development of the Dawayao Site with the Purchaser, and fully explored its development value. Further, the introduction of the Purchaser to jointly develop the Dawayao Site with the Seller will not only maintain the Company's dominating management rights in the development of the Dawayao Site, but also to diversify the project risks, reduce the Company's capital investment, increase the return on capital for the development of the Dawayao Site.

The Directors (excluding the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder (including, among other things, the Consideration and the Capital Increase) are fair and reasonable, are on normal commercial terms 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.

Save for Mr. Li Songping and Mr. Su Jian, who have abstained from voting on a voluntary basis for reasons of their directorships and/or management roles in Capital Group to the best knowledge of the Company having made all reasonable enquiries, none of the other Directors have a material interest in the transactions and therefore no other Director was required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION ON THE PARTIES

The Seller

The Seller is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Seller is primarily engaged in the investment and development of real estate in the PRC.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability which equity interest is owned as to approximately 52.6% by Capital Group on one part, and approximately 47.4% by Beijing Haidian State-Owned Properties Investment & Management Co., Ltd* (北京市海淀區國有資產投資經營有限公司), Beijing Baojiaheng Infrastructure Investment Co., Ltd* (北京寶嘉恒基礎設施投資有限公司), Beijing Construction Engineer Group Co., Ltd* (北京建工集團有限責任公司), Beijing Fengtai Comprehensive Investment Group Co., Ltd* (北京市豐台區綜合投資集團有限公司), Beijing Urban & Rural Construction Group Co., Ltd* (北京城鄉建設集團有限責任公司), Beijing Capital Agricultural Food Group Co., Ltd* (北京首農食品集團有限公司) and Beijing Gonglian Highway Link Co., Ltd* (北京市公聯公路聯絡線有限責任公司), all of which are Independent Third Parties, on the other part, as of the date of this announcement. Thus, the Purchaser is an associate of Capital Group and a connected person of the Company. The Purchaser is principally engaged in municipal infrastructure construction and primary land development in greenbelt area.

LISTING RULES IMPLICATIONS

As the Purchaser is an associate of Capital Group, which is a controlling shareholder of the Company, the Purchaser is a connected person of the Company and thus upon Completion, the Project Company will be a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules and a connected person of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Consideration are less than 5%, the Equity Transfer is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Consideration are more than 0.1% but are all less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Capital Increase by the Purchaser are less than 5%, the Capital Increase by the Purchaser is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios in respect of the Capital Increase by the Seller exceeds 5% but are all less than 25%, the Capital Increase by the Seller constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As the Capital Increase in the Project Company by the Purchaser is in proportion to its share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the Capital Increase by the Purchaser is fully exempt from the connected transactions requirements under Chapter 14A of the Listing Rules. However, as one or more applicable percentage ratios in respect of the Capital Increase by the Seller is more than 5%, the Capital Increase by the Seller is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Shareholder's Loan will be conducted on normal commercial terms or better and no security over the assets of the Group will be provided, such transactions are fully exempted from the connected transaction requirements under Rule 14A.90 of the Listing Rules.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Equity Transfer Agreement and the transactions contemplated thereunder. Capital Group (being the controlling shareholder of the Company), its associates and any Shareholder who has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM for approving the proposed Equity Transfer Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

TUS Corporate Finance Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and

the Independent Shareholders regarding among others, the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) a valuation report in relation to the Dawayao Site; and (v) a notice of the EGM together with the form of proxy, is expected to be despatched to the Shareholders on or before 2 December 2020, so as to allow sufficient time for the preparation of the information required to be included in the circular.

Approval from the Independent Shareholders at the EGM is required for the Equity Transfer Agreement and the transactions contemplated thereunder, as such, the Transactions may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of directors of the Company
“Capital Contribution”	the obligation to pay the unpaid registered capital of the Project Company of an amount of RMB14,990,000 by the Purchaser
“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
“Capital Increase”	the capital increase of an aggregate amount of RMB1,380,000,000 immediately upon Completion in proportion to the then respective shareholding interests of the Seller and the Purchaser in the Project Company
“Company”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under in the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2868)
“Completion”	the completion of the Equity Transfer
“Consideration”	a cash consideration of RMB869,435 to be paid by the Purchaser to the Seller and the Capital Contribution of an amount of RMB14,990,000 by the Purchaser
“Dawayao Site”	a parcel of land located in Lugouqiao Dawayao of Fengtai District (豐台區盧溝橋大瓦窯) in Beijing, the PRC

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Interest”	14.99% of the registered capital of the Project Company
“Equity Transfer”	the transfer of the Equity Interest by the Seller to the Purchaser
“Equity Transfer Agreement”	the equity transfer agreement dated 11 November 2020 entered into between the Seller and the Purchaser in relation to, among other things, the Equity Transfer and the Capital Increase
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin) established for the purpose of advising the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	TUS Corporate Finance Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder

“Independent Third Party(ies)”	individuals or companies who or which are not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Beijing Chuangyue Xinke Real Estate Company Limited* (北京創閱新科置業有限公司), a company established in the PRC with limited liability and wholly-owned by the Seller as at the date of this announcement
“Purchaser”	Beijing City Green Foundations Development Company Limited* (北京市綠化隔離地區基礎設施建設有限公司), a company established in the PRC with limited liability, and an associate of Capital Group and thus a connected person of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Prime Capital Qizhi (Tianjin) Investment Company Limited* (首金祺志(天津)投資管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the unsecured shareholder’s loan of RMB472,185,000 by the Purchaser to the Project Company at an interest rate of 7% per annum
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Equity Transfer and the Capital Increase
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms, “associate(s)”, “connected person(s)”, “connected subsidiary”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules.

* *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, 11 November 2020

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.