

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company, nor is it any solicitation of any vote or approval in any jurisdiction.

This joint announcement is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

**Beijing Capital City
Development Group Co., Ltd.***
北京首創城市發展集團有限公司
*(a company incorporated in the
People's Republic of China with limited liability)*

 **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)

JOINT ANNOUNCEMENT
**(1) PROPOSED PRE-CONDITIONAL PRIVATISATION OF
THE COMPANY BY THE OFFEROR BY WAY OF MERGER
BY ABSORPTION**
**(2) PROPOSED WITHDRAWAL OF LISTING
AND**
(3) RESUMPTION OF TRADING



Financial Adviser to the Offeror

SUMMARY

1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on 9 July 2021, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger on and subject to the terms and conditions of the Merger Agreement, including the Pre-Condition and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED MERGER

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Condition and the Conditions, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.80 per H Share to the H Shareholders in cash; (b) RMB2.334080 per Non-H Foreign Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Non-H Foreign Shareholders (as at the date of this joint announcement, being CR Products and Yieldwell, both being presumed concert parties of the Offeror) in cash; and (c) RMB2.334080 per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholder (being Capital Group, the parent of the Offeror), which will be satisfied through the issuance of registered capital of the Offeror to the Domestic Shareholder as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*”.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

After fulfilment (or waiver, if applicable) of the Pre-Condition and all the Conditions (being the Conditions to Effectiveness and the Conditions to Implementation), the Offeror shall: (a) as soon as possible and in any event within seven (7) Business Days, pay the Cancellation Price to all H Shareholders and issue the registered capital of the Offeror to Capital Group as the Domestic Shareholder as described in the paragraph headed “*Domestic Shares held by Capital Group*” and (b) as soon as possible and in any event within seven (7) Business Days or such later time as permitted by the Executive, pay the Cancellation Price to the Non-H Foreign Shareholders. As payment of the Cancellation Price to the Non-H Foreign Shareholders is subject to completion of certain administrative procedures required under the applicable PRC Laws, the payment of the Cancellation Price to the Non-H Foreign Shareholders may not be completed within seven (7) Business Days. As such, the Offeror has applied to the Executive for a waiver from the strict compliance with Rule 20.1 of the Takeovers Code.

The payment of the total consideration for cancellation of the H Shares and the Non-H Foreign Shares will be financed by internal resources. BCG Chinastar, a fellow subsidiary of the Offeror, has undertaken with the Offeror to pay on its behalf the total consideration for the cancellation of the H Shares.

Subject to the satisfaction of all the Conditions to Implementation, all rights attaching to the H Shares, Non-H Foreign Shares and Domestic Shares shall cease to have effect and the relevant Shares shall be cancelled with effect from the Delisting Date. The share certificates for such H Shares, Non-H Foreign Shares and Domestic Shares will cease to have effect as documents or evidence of title.

The Offeror will not increase the Cancellation Price as set out above, and the Offeror does not reserve the right to do so.

3. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Condition and all the Conditions to Effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

4. SHAREHOLDING IN THE COMPANY

As at the date of this joint announcement, the relevant securities of the Company in issue are 4,362,940,850 Shares, which comprise 1,531,134,000 H Shares, 2,473,808,550 Domestic Shares and 357,998,300 Non-H Foreign Shares.

As at the date of this joint announcement, all of the registered capital of the Offeror is held by Capital Group.

As at the date of this joint announcement, the Company does not have any outstanding options, warrants or convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

5. DESPATCH OF THE COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Condition, the Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger. The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice to be issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy forms are expected to be despatched to H Shareholders and the Non-H Foreign Shareholders within seven (7) days after the satisfaction of the Pre-Condition. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin. As (a) Mr. Li Songping, the chairman of the Board and the non-executive Director, is a director of Capital Group; and (b) Ms. Sun Baojie, the non-executive Director, is an employee holding managerial position in Capital Group, each of Mr. Li Songping and Ms. Sun Baojie is not included as a member of the Independent Board Committee. Such committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting.

The Independent Financial Adviser will be appointed by the Company upon the approval by the Independent Board Committee to provide advice to the Independent Board Committee in respect of the Merger. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser. The Independent Board Committee is evaluating the Merger and its views and recommendations will be set out in the Composite Document to be despatched to the H Shareholders and the Non-H Foreign Shareholders.

7. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on Thursday, 8 July 2021. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on Monday, 12 July 2021.

The Pre-Condition and the Conditions to Effectiveness must be satisfied before the Merger Agreement becomes effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is also subject to the Conditions to Implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Conditions or Pre-Condition can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

NOTICE TO U.S. HOLDERS OF SHARES

The Merger will involve the cancellation of the securities of a joint stock limited company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this joint announcement has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and thus may not be comparable to the financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Merger by a U.S. holder of Shares as consideration for the cancellation of its Shares pursuant to the Merger may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the implementation of the Merger.

U. S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. Purchases by CICC may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.

1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on 9 July 2021, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger on and subject to the terms and conditions of the Merger Agreement, including the Pre-Condition and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED MERGER

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Condition and the Conditions set out in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below, the Offeror will pay the Cancellation Price in the amount of:

- (a) HK\$2.80 per H Share to the H Shareholders in cash;
- (b) RMB2.334080 per Non-H Foreign Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Non-H Foreign Shareholders (as at the date of this joint announcement, being CR Products and Yieldwell, both being presumed concert parties of the Offeror) in cash*; and
- (c) RMB2.334080 per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholder (being Capital Group, the parent of the Offeror), which will be satisfied through the issuance of registered capital of the Offeror to the Domestic Shareholder as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*”.

* *No fractions of a cent will be payable and the amount of Cancellation Price payable to a Non-H Foreign Shareholder will be rounded down to the nearest cent (RMB).*

The amount of aggregate Cancellation Price required to be paid in cash by the Offeror to cancel the H Shares held by H Shareholders and the Non-H Foreign Shares held by Non-H Foreign Shareholders are approximately HK\$4,287,175,200.00 and RMB835,596,672.06 (equivalent to approximately HK\$1,002,395,240.00 based on the Exchange Rate).

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement include:

Parties

- (1) The Offeror; and
- (2) the Company.

Overview of the Merger

Subject to the terms and conditions of the Merger Agreement, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

Consideration

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Condition, the Conditions to Effectiveness and the Conditions to Implementation set out in the paragraphs headed “*Pre-Condition to the Merger Agreement becoming effective*”, “*Conditions to Effectiveness*” and “*Conditions to Implementation*” below, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.80 per H Share to the H Shareholders in cash; and (b) RMB2.334080 per Non-H Foreign Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Non-H Foreign Shareholders (as at the date of this joint announcement, being CR Products and Yieldwell, both being presumed concert parties of the Offeror) in cash.

Pre-Condition to the Merger Agreement becoming effective

The Merger Agreement is subject to the satisfaction of a pre-condition, being the filing, registration or approval, as applicable, with or by (a) NDRC, (b) MOFCOM, (c) SAFE and (d) if applicable, SASAC, and such other applicable governmental approvals in respect of the Merger having been obtained or completed (the “**Pre-Condition**”). Save for the governmental approvals as mentioned in (a), (b), (c) and (d) above, the Offeror is not currently aware of any other applicable governmental approvals which are required in respect of the Merger.

The above Pre-Condition is not waivable. If the Pre-Condition is not satisfied by the Long-stop Date, the Merger Agreement will not become effective and will be automatically terminated.

Upon fulfilment of the Pre-Condition, the Offeror and the Company will despatch the Composite Document within seven (7) days thereof in accordance with the Takeovers Code or such other date as required by the SFC (as applicable) and the EGM and H Shareholders' Class Meeting will be convened pursuant to the respective notice to such meetings for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger.

Conditions to Effectiveness

After the Pre-Condition is satisfied, the Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the “**Conditions to Effectiveness**”):

- (1) the passing of special resolution(s) by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger under the Merger Agreement in accordance with the Articles and the PRC Laws; and
- (2) the passing of special resolution(s) by way of poll approving the Merger under the Merger Agreement at the H Shareholders' Class Meeting to be convened for this purpose, provided that: (a) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and (b) the number of votes cast against the resolution(s) is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

If the above Conditions to Effectiveness are not satisfied by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed “*Termination*” in this section.

Conditions to Implementation

After the Merger Agreement becomes effective upon satisfaction of the Pre-Condition and all the Conditions to Effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied or waived, as applicable (the “**Conditions to Implementation**”, together with the Conditions to Effectiveness, collectively, the “**Conditions**”):

- (1) there being no error or omission of the representations and warranties given by the Offeror in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger. The Offeror shall comply with its undertakings under the Merger Agreement in all material respects and there being no breach of such undertakings which has a material impact on the Merger;
- (2) there being no error or omission of the representations and warranties given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger. The Company shall comply with its undertakings under the Merger Agreement in all material respects and there being no breach of such undertakings which has a material impact on the Merger; and
- (3) there being no law, restriction or prohibition of any governmental authority, or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or cancels the Merger.

The Company shall be entitled to waive Condition to Implementation (1) above and the Offeror shall be entitled to waive Condition to Implementation (2) above. Condition to Implementation (3) above is not capable of being waived. If the above Conditions to Implementation are not satisfied or if applicable, waived, by the Long-stop Date, the Merger Agreement will be automatically terminated.

**Domestic Shares held
by Capital Group**

Pursuant to the Merger Agreement, in consideration for the cancellation of its Domestic Shares, Capital Group will be issued with such amount of registered capital denominated in RMB in the Offeror, which is equivalent to the Cancellation Price for each H Share based on the Exchange Rate, multiplied by the number of Domestic Shares so cancelled, subject to such adjustment which may arise from any difference between the Offeror's net asset value (to be audited in accordance with the requirements under the applicable PRC Laws) and registered capital.

The proposed cancellation of the Domestic Shares is conditional upon the satisfaction of the Pre-Condition and the Conditions as set out above.

**Payment of
consideration**

After fulfilment (or waiver, if applicable) of the Pre-Condition and all the Conditions (being the Conditions to Effectiveness and the Conditions to Implementation), the Offeror shall: (a) as soon as possible and in any event within seven (7) Business Days, pay the Cancellation Price to all H Shareholders and issue the registered capital of the Offeror to Capital Group as the Domestic Shareholder as described in the paragraph headed "*Domestic Shares held by Capital Group*"; and (b) as soon as possible and in any event within seven (7) Business Days or such later time as permitted by the Executive, pay the Cancellation Price to the Non-H Foreign Shareholders. As payment of the Cancellation Price to the Non-H Foreign Shareholders is subject to completion of certain administrative procedures required under the applicable PRC Laws, the payment of the Cancellation Price to the Non-H Foreign Shareholders may not be completed within seven (7) Business Days. As such, the Offeror has applied to the Executive for a waiver from the strict compliance with Rule 20.1 of the Takeovers Code.

Subject to the satisfaction of all the Conditions to Implementation, all rights attaching to the H Shares, Non-H Foreign Shares and Domestic Shares shall cease to have effect and the relevant Shares shall be cancelled with effect from the Delisting Date. The share certificates for such H Shares, Non-H Foreign Shares and Domestic Shares will cease to have effect as documents or evidence of title. Subject to the completion of the applicable administrative filings and registration under the PRC Laws, the Merger will then be implemented. Upon completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered following completion of the applicable deregistration filing with SAIC.

Payment of consideration to the H Shareholders is deemed to be completed once the Offeror or any entity designated by it has despatched to the H Shareholders the cheques for such consideration, while payment of consideration to the Non-H Foreign Shareholders is deemed to be completed once the Offeror or any entity designated by it has made remittance of such consideration by way of bank transfer. Payment of consideration to the Domestic Shareholder is deemed to be completed once the Offeror has delivered to Capital Group the Offeror's register of members and certification of capital contribution affixed with the Offeror's official seal reflecting the Offeror's shareholding structure after the issuance of the registered capital of the Offeror to Capital Group in accordance with the Merger Agreement.

The Company's Undertakings

Unless with the prior written consent of the Offeror, the Company shall not issue any Shares, conduct any major acquisitions or disposals which may constitute a discloseable transaction under Chapter 14 of the Listing Rules or declare, make or pay any dividend or other distribution (whether in cash or in kind) to the Shareholders from the date of the Merger Agreement to the date of termination of the Merger Agreement or the Delisting Date (whichever is earlier), save for any transactions which have been announced by the Company prior to the date of the Merger Agreement and which are pending completion, including the transaction as set out in the Company's announcement dated 24 June 2021.

As at the date of this joint announcement, the Company has no outstanding dividend that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution between the date of this joint announcement up to the date on which all of the Pre-Condition and Conditions are satisfied or waived (as applicable), or the date on which the Merger is not approved or otherwise lapsed (as the case may be).

Right of a Dissenting Shareholder

According to the Articles, any Dissenting Shareholder may by written notice request the Company and/or other Consenting Shareholders to acquire its Shares at a "fair price".

If any Dissenting Shareholder exercises its right, the Offeror will, if so requested by the Company and/or the Consenting Shareholders, assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by that Dissenting Shareholder at a "fair price".

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against all the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders' Class Meeting;

- (2) such Dissenting Shareholder having been validly registered as a shareholder on the share register of the Company since the record date for the EGM and (if applicable) the H Shareholders' Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

A Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Shareholder has undertaken to the Company to waive its right;
- (2) such Shareholder is prohibited from exercising its right in accordance with applicable laws; or
- (3) any Share held by such Shareholder is subject to a pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval from the relevant pledgee, third party or competent authority.

Termination

The Merger Agreement may be terminated in any of the following circumstances:

- (1) by either the Offeror or the Company, if:
 - (i) any competent governmental authority issues any order, decree, ruling or take any other actions which permanently restricts, impedes or otherwise prohibits the Merger and which is final and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action prior to exercising any right of termination); or

- (ii) all Conditions to Effectiveness not having been satisfied on or before the Long-stop Date;
- (2) by the Offeror, if the Company commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement, which has a material adverse impact on the Merger and such breach is not remedied by the Company within 30 days following written notice from the Offeror to the Company; or
- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement, which has a material adverse impact on the Merger and such breach is not remedied by the Offeror within 30 days following written notice from the Company to the Offeror.

As at the date of this joint announcement, none of the Pre-Condition and the Conditions has been fulfilled or waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror and the Company may only invoke any or all of the Conditions to Implementation (1) to (3) set out in the paragraph headed “*Conditions to Implementation*” in this section or terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to the Offeror in the context of the Merger.

4. CANCELLATION PRICE

Comparisons of value

The Cancellation Price is HK\$2.80 per H Share and RMB2.334080 per Non-H Foreign Share and Domestic Share (equivalent to the Cancellation Price of HK\$2.80 per H Share based on the Exchange Rate).

The Cancellation Price per H Share represents:

- (a) a premium of approximately 62.79% over the closing price per H Share of HK\$1.72 on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 61.85% over the average closing price of HK\$1.73 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date;
- (c) a premium of approximately 77.22% over the average closing price of HK\$1.58 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 127.64% over the average closing price of HK\$1.23 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 150.00% over the average closing price of HK\$1.12 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Date;
- (f) a premium of approximately 143.48% over the average closing price of HK\$1.15 per H Share based on the average closing price of H Shares on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Date; and

- (g) a discount of approximately 38.38% to the Group's audited net asset value attributable to the Shareholders per Share of approximately HK\$4.54 as at 31 December 2020, based on the exchange rate of HK\$1: RMB0.84164, being the median exchange rate on 31 December 2020 as announced by the People's Bank of China.

For the purpose of this joint announcement, unless the context requires otherwise, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1: RMB0.83360 which is the parity rate of RMB to Hong Kong Dollar as at the date of this joint announcement.

The Offeror will not increase the Cancellation Price as set out above, and the Offeror does not reserve the right to do so.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Date, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.75 on 2 July 2021 and 5 July 2021, and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$0.97 on 1 April 2021, 8 April 2021 and 14 April 2021.

Funding for the Merger

On the basis of (i) the Cancellation Price of HK\$2.80 per H Share, (ii) 1,531,134,000 H Shares in issue as at the date of this joint announcement, (iii) the Cancellation Price of RMB2.334080 per Non-H Foreign Share (equivalent to the Cancellation Price of HK\$2.80 per H Share based on the Exchange Rate), (iv) 357,998,300 Non-H Foreign Shares in issue as at the date of this joint announcement, and (v) the Cancellation Price for all the Domestic Shares (which comprise 2,473,808,550 Domestic Shares held directly by Capital Group) which is to be satisfied through the issuance of the registered capital of the Offeror to the Domestic Shareholder as described in the section headed "*3. PRINCIPAL TERMS OF THE MERGER AGREEMENT*" above, the amount of aggregate Cancellation Price required to be paid by the Offeror in cash to cancel the H Shares held by H Shareholders and the Non-H Foreign Shares held by Non-H Foreign Shareholders is HK\$5,289,570,440.00.

The payment of the total consideration for cancellation of the H Shares and the Non-H Foreign Shares will be financed by internal resources. BCG Chinastar, a fellow subsidiary of the Offeror, has undertaken with the Offeror to pay on its behalf the total consideration for the cancellation of the H Shares.

The Offeror has appointed CICC as its financial adviser in connection with the Merger. CICC, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror's obligations in respect of the full implementation of the Merger (excluding all the Cancellation Price payable to the Domestic Shareholder which is to be satisfied through the issuance of the registered capital of the Offeror to the Domestic Shareholder).

5. REASONS AND BENEFITS OF THE MERGER

The reasons and benefits of the Merger include:

(1) For H Shareholders: an attractive opportunity to realise their investment in the Company at a compelling premium amidst a challenging environment

Excellent opportunity to realise investment at compelling premium in an illiquid market

Transaction liquidity of the H Shares has been relatively low for an extended period of time. The average daily turnover of the H Shares for the following periods up to and including the Last Trading Date were as follows:

- (i) the period of three months up to and including the Last Trading Date, 9.53 million shares per trading day, representing only approximately 0.62% of the total issued H Shares on the Last Trading Date;
- (ii) the period of 12 months up to and including the Last Trading Date, 4.69 million shares per trading day, representing only approximately 0.31% of the total issued H Shares on the Last Trading Date; and
- (iii) the period of 24 months up to and including the Last Trading Date, 4.68 million shares per trading day, representing only approximately 0.31% of the total issued H Shares on the Last Trading Date.

The low trading volume of the Shares makes it difficult for the H Shareholders to execute substantial sales of the H Shares on-market without adversely affecting the price of the H Shares.

Outlook for the PRC real estate development industry

The business conditions of the PRC real estate development industry are expected to be challenging given that:

- (i) economic growth in the PRC has been maintained at a low to medium growth rate. For example, the annual GDP growth rate of the PRC has been maintained at approximately 5% to 7% from 2016 to 2019; and
- (ii) more stringent regulations on the market and/or industry have been implemented, such as (a) a series of macro-control policies launched by the Ministry of Housing and Urban-Rural Development of the PRC launched in 2018 to stabilise the price of residential properties based on the inventory levels of residential properties in different regions and implementing city-specific policies; (b) regulations targeting property speculation and new policies on real estate financing introduced in the second half of 2020 and (c) the “three red lines” requirements imposed on PRC real estate development companies with a view to control the scale of interest-bearing debts of property developers in the PRC.

As a result of the economic conditions and the increasingly stringent regulatory requirements described above, there have been fluctuations in the operational performance of both the PRC real estate development industry and the Group. To illustrate, the year-on-year increase of the growth rate of the PRC real estate industry has slowed down from 2.4% in 2018 to 0.6% in 2019. In 2020, a year-on-year decrease of 3.0% of the growth rate of the PRC real estate development industry was recorded. The overall yearly growth rates of the PRC real estate development industry attained between 2018 to 2020 are also significantly lower than the previous years. As for the Group, the net income for the year ended 31 December 2020 was RMB1.27 billion, which represented a decrease of 50.5% and 47.4% as compared with the years ended 31 December 2019 and 2018 respectively. Likewise, the revenue of the Group for the years ended 31 December 2019 and 2020 fell by 10.6% and 8.6% respectively as compared with the year ended 31 December 2018.

Taking into account the uncertainty which may impact the trading price of the H Shares by the fluctuations in the operational performance of the PRC real estate development industry and the Group as a result of the increasingly stringent regulatory environment, and in view of the above factors, the Offeror is of the view that the Merger would provide the H Shareholders an excellent opportunity to monetise their investments in the Company with relatively low liquidity immediately for cash at a compelling premium over the market price.

(2) For the Company: The Company has lost the advantage of a listing platform

Limited equity fundraising options

As a real estate company listed on the Stock Exchange, the Company has been subject to various restrictions in utilising its equity fundraising options. For instance, any issue of H Shares by the Company would require approval from the relevant authorities in the PRC. In addition, given that the Company is subject to the public float requirement under the Listing Rules, the Company is also restrained from enlarging its share capital through further issuance of Domestic Shares.

Low cost-efficiency in maintaining the listing status of the Company

The H Shares have been trading at a significant discount as compared to the Group's book value over the past three years, with price to book ratios ranging from 0.21 to 0.52 during that period. The relatively low trading price range as compared to the Group's book value and sluggish trading volumes abovementioned significantly limit the Company's ability to raise funds from the equity market. At the same time, the cost of maintaining the Company's listing status (including those associated with regulatory compliance, disclosure and publication of financial statements) had been on the rise, defeating the original purpose for listing. After the privatisation, the Shares will be delisted from the Stock Exchange, which may benefit the Company from savings in costs related to the compliance and maintenance of the listing status of the Company. The Company's management will also be able to reallocate resources originally applied towards the Company's administration, compliance and other matters relating to its listing status towards the Group's business operations.

(3) For the Company: improved creditworthiness of the Company

Closer connection between the Company and Capital Group

Upon the delisting of the H Shares, Capital Group will hold the entire interests in the Offeror and the Company. The Company would be able to maintain closer connection with Capital Group, and the impact of Capital Group (as a key state-owned enterprise in Beijing) on the creditworthiness of the Company would also be more direct.

More efficient means of support from Capital Group

Capital Group enjoys the benefit of having a diversified business. Upon the delisting of the H Shares, Capital Group will hold the entire interest in the Company, and it will be more efficient and feasible for Capital Group to provide capital support to the Company.

Shifting to a long term development strategy

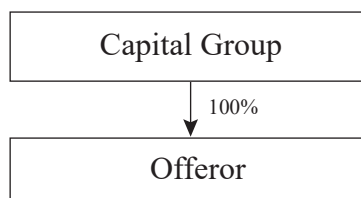
The Offeror is committed to the long term development of the Company's business. Capital Group will consider and may implement plans to optimise the holding structure of certain business, assets, properties and operation units within Capital Group after the delisting of the H Shares. The Offeror will also have full control over the Company's strategy and flexibility to manage the Company after the delisting of the H Shares.

The Board (other than members of the Independent Board Committee, whose views will be given after receiving the opinion of the Independent Financial Adviser) is of the view that the terms of the Merger are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. INFORMATION ON THE OFFEROR AND THE COMPANY

(1) Information on the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 10 June 2021. The Offeror is wholly-owned by Capital Group, which is in turn under the direct supervision of the Beijing Municipal Government. The Offeror is newly incorporated by Capital Group for the purpose of the Merger. The business scope of the Offeror as set out in its business license includes sale and development of real estate, property management, hotel management and property and tourism consulting services.



(2) Information on the Company

The Company is a joint stock company with limited liability incorporated in the PRC. 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 properties, creative industries and rental housing.

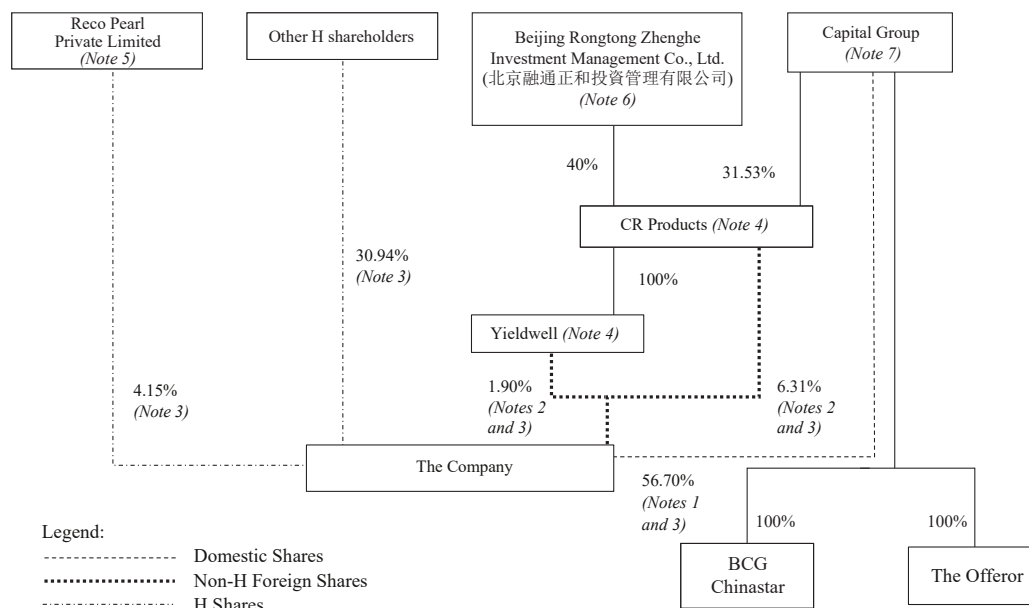
Set out below is the audited consolidated financial information of the Group as extracted from the annual report of the Company for the years ended 31 December 2019 and 2020 prepared in accordance with the Accounting Standards for Business Enterprises of the PRC.

	For the year ended 31 December 2019	For the year ended 31 December 2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)
Total assets	185,269,318	210,549,900
Revenue	20,786,255	21,247,858
Net Profit	2,568,862	1,272,106

(3) Shareholding in the Company

As at the date of this joint announcement, the relevant securities of the Company in issue are 4,362,940,850 Shares, which comprise 1,531,134,000 H Shares, 2,473,808,550 Domestic Shares and 357,998,300 Non-H Foreign Shares.

Based on the annual report of the Company for the year ended 31 December 2020, each of the diagram and the table below sets out the simplified shareholding structure of the Company as at the date of this joint announcement:



Shareholders	Number of H Shares interested	Approximate% of the H Shares in issue	Number of Domestic Shares interested	Approximate% of the Domestic Shares in issue	Number of Non-H Foreign Shares interested	Approximate% of the Non-H Foreign Shares in issue	Number of Shares in issue	Approximate% of the Shares in issue
The Offeror	-	-	-	-	-	-	-	-
Capital Group (Note 7)	-	-	2,473,808,550	100%	-	-	2,473,808,550	56.70%
Yieldwell (Note 4)	-	-	-	-	82,762,100	23.12%	82,762,100	1.90%
CR Products (Note 4)	-	-	-	-	275,236,200	76.88%	275,236,200	6.31%
Reco Pearl Private Limited (Note 5)	181,194,000	11.83%	-	-	-	-	181,194,000	4.15%
The Offeror and its concert parties	181,194,000	11.83%	2,473,808,550	100%	357,998,300	100%	3,013,000,850	69.06%
Independent H Shareholders	1,349,940,000	88.17%	-	-	-	-	1,349,940,000	30.94%
Total number of Shares in issue	1,531,134,000	100%	2,473,808,550	100%	357,998,300	100%	4,362,940,850	100%

Notes:

- (1) *The Shares directly held by Capital Group are Domestic Shares.*
 - (2) *The Shares directly held by CR Products and Yieldwell are Non-H Foreign Shares.*
 - (3) *The percentages in the diagram above are expressed as percentages of the total issued Shares of the Company as at the date of this joint announcement.*
 - (4) *Capital Group owns 31.53% of the voting rights in CR Products. As such, each of CR Products and Yieldwell is presumed to be acting in concert with the Offeror under class (1) of the definition of “acting in concert” under the Takeovers Code.*
- Based on the information provided by CR Products, the remaining 28.47% of the voting rights in CR Products are held as to: (i) 5.27% by Wisdom Crest Limited; (ii) 3.2% by Xing Zhan Limited; and (iii) 20% by Marwicken Property Corp.*
- (5) *As at the date of this joint announcement, the Offeror has applied to the Executive for rebutting the presumption that Reco Pearl Private Limited (an indirect wholly-owned subsidiary of GIC (Realty) Private Limited) is “acting in concert” with the Offeror under class (1) of the definition of “acting in concert” under the Takeovers Code, which arises as a result of Reco Pearl Private Limited’s shareholding of more than 20% in certain joint ventures with the Group. The presumption may or may not be rebutted. The results of this application will be included in the Composite Document.*
 - (6) *Based on public searches, the registered capital in Beijing Rongtong Zhenghe Investment Management Co., Ltd. (北京融通正和投資管理有限公司) are held as to 18.50% by Mr. Wu Haitao, 18.36% by Mr. Kong Lingguo, 18.32% by Mr. Gui Shengchun, 17.66% by Mr. Wang Guangyu, 14.69% by Mr. Zhao Ronghai and 12.47% by Mr. Weng Huanwen.*

- (7) *Capital Group is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal Government.*
- (8) *CICC is the financial adviser to the Offeror in respect of the Merger. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and excluding the Shares held on behalf of non-discretionary investment clients). Exempt principal traders which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Offeror. However:*
- (a) *Shares held by members of the CICC group acting in the capacity of exempt principal traders will not be voted at the EGM or the H Shareholders’ Class Meeting (as applicable) unless the Executive allows such Shares to be so voted; and*
- (b) *Shares held by members of the CICC group acting in the capacity of exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM and/or the H Shareholders’ Class Meeting (as applicable) if:*
- (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and (iv) such non-discretionary client is not a concert party of the Offeror.*

Details of holdings, borrowings or lendings of, and dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held by or entered into by members of the CICC group (except in respect of Shares held by exempt principal traders or exempt funder managers or Shares held on behalf of non-discretionary investment clients of other parts of the CICC group), if any, will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Offeror and the Company if the holdings of, borrowings, lendings, or dealings of the members of the CICC group are significant and in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to the holdings, borrowings or lendings of, or dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of members of the CICC group. Any dealings in the relevant securities of the Company by the CICC group (excluding dealings by the CICC group members who are exempt principal traders or exempt fund managers or dealings by the CICC group members for the account of non-discretionary investment clients of the CICC group) from 9 January 2021 (being six months prior to the date of this joint announcement) to the latest practicable date prior to the despatch of the Composite Document will be disclosed in the Composite Document.

- (9) *Not all intermediate holding entities are shown in the diagram setting out the simplified shareholding structure for simplicity purposes.*
- (10) *None of the Offeror, Capital Group, the subsidiaries of Capital Group, the directors of the Offeror, and the directors of Capital Group (each being a party acting in concert with the Offeror) had dealt for value in the Shares in the six months immediately preceding the date of this joint announcement.*

Details of the dealings in the Shares by Beijing Rongtong Zhenghe Investment Management Co., Ltd. (北京融通正和投資管理有限公司), Guoda Limited and Marwicken Property Corp. (each of which are presumed to be acting in concert with the Offeror as a result of their direct or indirect shareholdings of 20% or more in CR Products) in the six months immediately preceding the date of this joint announcement will be obtained as soon as possible after the date of this joint announcement. A further announcement will be made by the Offeror and the Company if the dealings of the Offeror's concert parties (including but not limited to Beijing Rongtong Zhenghe Investment Management Co., Ltd. (北京融通正和投資管理有限公司), Guoda Limited and Marwicken Property Corp.) in the Shares are significant, and in any event, such information will be disclosed in the Composite Document.

As at the date of this joint announcement, the Offeror does not own any Share. Capital Group, which directly and beneficially owns the entire equity interest of the Offeror, owns 2,473,808,550 Domestic Shares, representing approximately 56.70% of the total issued Shares in the Company.

As at the date of this joint announcement, the Company does not have any outstanding options, warrants or convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

(4) Rights and interests in the securities of the Offeror and Shares and respective derivatives

As at the date of this joint announcement:

- (i) save as disclosed in paragraph headed “*Shareholding in the Company*” in this section above, none of the Offeror, Capital Group or their concert parties owns or has control or direction over any Shares or voting rights of the Company (except those which are exempt principal traders or exempt fund managers, in each case, recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the CICC group);
- (ii) none of the Offeror, Capital Group or their concert parties has received any irrevocable commitment in relation to the voting of the resolutions in respect of the Merger;

- (iii) none of the Offeror, Capital Group or their concert parties holds convertible securities, warrants or options in respect of the Shares;
- (iv) none of the Offeror, Capital Group or their concert parties has entered into any outstanding derivative in respect of the securities of the Company;
- (v) save for the Merger Agreement and the transactions contemplated thereunder, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the registered capital of the Offeror or Capital Group, or the Shares and which might be material to the Merger;
- (vi) there is no agreement or arrangement (other than the Merger Agreement and the transactions contemplated thereunder) to which the Offeror or Capital Group is a party which relates to the circumstances in which either of them may or may not invoke or seek to invoke a pre-condition or a condition of the Merger;
- (vii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, Capital Group or their concert parties have borrowed or lent;
- (viii) other than the Cancellation Price to be paid by the Offeror for every H Share and Non-H Foreign Share under the Merger, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the parties acting in concert with it to the holders of H Share and Non-H Foreign Share in connection with the cancellation of the H Shares and the Non-H Foreign Shares respectively under the Merger; and
- (ix) there is no special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror, Capital Group and their concert parties or (b) the Company, its subsidiaries or associated companies.

7. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board approved the Merger and its related matters at its board meeting on 9 July 2021.

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin. As (a) Mr. Li Songping, the chairman of the Board and the non-executive Director, is a director of Capital Group; and (b) Ms. Sun Baojie, the non-executive Director, is an employee holding managerial position in Capital Group, each of Mr. Li Songping and Ms. Sun Baojie is not included as a member of the Independent Board Committee. Such committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting.

The Independent Financial Adviser will be appointed by the Company upon the approval by the Independent Board Committee to provide advice to the Independent Board Committee in respect of the Merger. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser. The Independent Board Committee is evaluating the Merger and its views and recommendations will be set out in the Composite Document to be despatched to the H Shareholders and the Non-H Foreign Shareholders.

8. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Condition and all the Conditions to Effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

9. EGM AND H SHAREHOLDERS' CLASS MEETING AND THE COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Condition, the Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger. The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice to be issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy forms are expected to be despatched to H Shareholders and the Non-H Foreign Shareholders within seven (7) days after the satisfaction of the Pre-Condition. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

10. PROFIT FORECAST INFORMATION

Reference is made to the Company's announcement dated 30 April 2021 in relation to, amongst others, the unaudited quarterly results of the Group for the three months ended 31 March 2021 (the "**First Quarterly Results Announcement**").

Shareholders and potential investors of the Company shall note that the information contained in First Quarterly Results Announcement constitute a profit forecast under Rule 10 of the Takeovers Code and should have been reported on pursuant to the requirements under Rule 10 of the Takeovers Code. Given that the interim results announcement of the Company for the six months ended 30 June 2021 is expected to be published prior to the despatch of the Composite Document of the Company in relation to the Merger, the information contained in the First Quarterly Results Announcement, which would have been covered in the interim results announcement of the Company for the six months ended 30 June 2021, will not be separately reported on under Rules 10.3 and 10.4 of the Takeovers Code, unless the interim results announcement is not published prior to the despatch of the Composite Document.

Shareholders and potential investors in the securities of the Company should note that the profit forecast as set out in the First Quarterly Results Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors in the securities of the Company are advised to exercise caution in placing reliance on the profit forecast as set out in the First Quarterly Results Announcement in assessing the merits and demerits of the Merger and when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

11. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of the Offeror and the Company) of the Offeror, Capital Group and the Company are hereby reminded to disclose their dealings in any shares in the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

12. NUMBER OF RELEVANT SECURITIES IN ISSUE

As at the date of this joint announcement:

- (i) the relevant securities of the Company in issue are 4,362,940,850 Shares, which comprise 1,531,134,000 H Shares, 2,473,808,550 Domestic Shares and 357,998,300 Non-H Foreign Shares; and
- (ii) all of the registered capital of the Offeror is held by Capital Group.

13. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on Thursday, 8 July 2021. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on Monday, 12 July 2021.

14. WARNING

The Pre-Condition and the Conditions to Effectiveness must be satisfied before the Merger Agreement becomes effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is also subject to the Conditions to Implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Conditions or Pre-Condition can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

15. DEFINITIONS

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

- | | |
|-----------------|---|
| “Articles” | the articles of association of the Company (including the rules of procedures for shareholders’ general meetings and the rules of procedures for board meetings); |
| “BCG Chinastar” | BCG Chinastar International Investment Limited (首創華星國際投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Capital Group and a fellow subsidiary of the Offeror; |

“Board”	the board of directors of the Company;
“Business Day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Price”	the cancellation price of HK\$2.80 per H Share payable in cash by or on behalf of the Offeror to the H Shareholders; RMB2.334080 per Non-H Foreign Share payable in cash by the Offeror to the Non-H Foreign Shareholders and RMB2.334080 per Domestic Share, to the Domestic Shareholder, which will be satisfied through the issuance of registered capital of the Offeror to the Domestic Shareholder, in each case as described in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” above;
“Capital Group”	Beijing Capital Group Co., Ltd* (北京首都創業集團有限公司), a state-owned enterprise under the direct supervision of the Beijing Municipal Government, which directly holds (i) 100% of the shares of the Offeror and (ii) approximately 56.70% of the Company’s issued share capital as at the date of this joint announcement;
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in respect of the Merger. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Company”	Beijing Capital Land Ltd.* (首創置業股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange (stock code: 2868);
“Composite Document”	the document to be issued by or on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, details of the Merger, as may be revised or supplemented as appropriate;

“Conditions”	collectively, the Conditions to Effectiveness and the Conditions to Implementation;
“Conditions to Effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Conditions to Implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Consenting Shareholders”	the Shareholders who have approved the Merger;
“CR Products”	China Resource Products Limited* (中國物產有限公司), a company which is held as to: <ul style="list-style-type: none"> (a) 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司) which in turn is wholly owned by Capital Group; (b) based on public information, 40% by Guoda Limited (國達有限公司) which in turn is wholly owned by Beijing Rongtong Zhenghe Investment Management Co., Ltd. (北京融通正和投資管理有限公司); and (c) based on information provided by CR Products, (i) 5.27% by Wisdom Crest Limited; (ii) 3.2% by Xing Zhan Limited; and (iii) 20% by Marwicken Property Corp.
“Declaration Period”	a period commencing on the date on which the Merger is approved by the Shareholders and the H Shareholders at the EGM and the H Shareholders’ Class Meeting respectively and expiring on the fifth (5th) Business Day from (and including) the date on which the Merger is approved by the Shareholders and the H Shareholders at the EGM and the H Shareholders’ Class Meeting respectively, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange has been withdrawn;
“Director(s)”	the director(s) of the Company;

“Dissenting Shareholder”	a Shareholder who has validly voted against all the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting and has requested the Company or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire its Shares at a “fair price”;
“Domestic Share(s)”	the domestic shares of the Company, with a RMB denominated par value of RMB1.00 each, representing approximately 56.70% of the issued share capital of the Company as at the date of this joint announcement;
“Domestic Shareholder”	the holder of Domestic Share;
“EGM”	the extraordinary general meeting of the Company to be convened, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“Exchange Rate”	the exchange rate of HK\$1: RMB0.83360, which is the central parity rate of Hong Kong Dollar to RMB as at the date of this joint announcement as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Exercise Date”	the date on which the Company and/or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) pays cash consideration to Dissenting Shareholders who exercised their right to request the Company or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) to acquire the Shares held and effectively declared by them at “fair price”, which will be decided and announced by the Company;
“Group”	the Company and its subsidiaries;

“H Share(s)”	the ordinary shares issued by the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and paid up in Hong Kong dollars and are listed and traded on the Stock Exchange, representing approximately 35.09% of the issued share capital of the Company as at the date of this joint announcement;
“H Shareholder(s)”	the holder(s) of H Shares;
“H Shareholders’ Class Meeting”	the class meeting of the Company to be convened for H Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“HK\$” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company established by the Company for the purposes of considering the Merger, which comprises all of the independent non-executive Directors, being Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin;
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company upon the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent H Shareholders in respect of the Merger;
“Independent H Shareholders”	H Shareholders other than the Offeror and the respective concert parties of the Offeror and Capital Group (including Peco Pearl Private Limited);
“Last Trading Date”	7 July 2021, the last trading day prior to the suspension of trading in the H Shares on the Stock Exchange pending the issue of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Long-stop Date”	9 July 2022, being the last date the Pre-Condition, the Conditions to Effectiveness and the Conditions to Implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the SFC;
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement;
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on 9 July 2021 in relation to the Merger;
“MOFCOM”	the Ministry of Commerce of the PRC or its local authorities (as applicable);
“NDRC”	the National Development and Reform Commission of the PRC or its local authorities (as applicable);
“Non-H Foreign Share(s)”	the non-H foreign shares of the Company, with a RMB denominated par value of RMB1.00 each, representing approximately 8.21% of the issued share capital of the Company as at the date of this joint announcement;
“Non-H Foreign Shareholder(s)”	the holder(s) of Non-H Foreign Share(s);
“Offeror”	Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), a company incorporated in the PRC with limited liability which is wholly-owned by Capital Group;
“PRC” or “China”	the People’s Republic of China, which for the purposes of this joint announcement does not include Hong Kong, the Macau Special Administrative Region and Taiwan unless the context otherwise specifies;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;

“PRC Laws”	any and all laws, regulations, statutes, rules, and other normative documents as may be currently in force in the PRC, including such amendments, supplements, interpretations or re-enactments from time to time;
“Pre-Condition”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAFE”	the State Administration of Foreign Exchange of the PRC or its local authorities (as applicable);
“SAIC”	the State Administration for Industry and Commerce of the PRC or its local authorities (as applicable);
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council, or its local authorities or authorised entities;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);
“Shareholders”	collectively, H Shareholders, Domestic Shareholder and Non-H Foreign Shareholders;
“Shares”	collectively, H Shares, Domestic Shares and Non-H Foreign Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time);
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended;
“Yieldwell”	Yieldwell International Enterprise Limited (億華國際企業有限公司), a company wholly-owned by CR Products; and
“%”	per cent.

By Order of the Board of
**Beijing Capital City Development
Group Co., Ltd.***
Yang Weibin
Director

By Order of the Board of
Beijing Capital Land Ltd.*
Li Songping
Chairman

Beijing
9 July 2021

As at the date of this joint announcement, the sole director of the Offeror is Mr. Yang Weibin. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of Capital Group comprises Mr. He Jiangchuan (Chairman), Mr. Li Songping, Mr. Gong Yongtao, Mr. Cui Yeguang, Mr. Kan Zhenfang and Mr. Bai Yan. The directors of Capital Group jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Zhong Beichen (President), Mr. Huang Ziquan, Mr. Hu Weimin and Mr. Fan Shubin who are the executive Directors, Ms. Sun Baojie who is the non-executive Director, Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Offeror and Capital Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of Capital Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

** For identification purpose only*