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# CAPITAL GRAND

**BEIJING CAPITAL GRAND LIMITED**

**首創鉅大有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1329)**

**CONTINUING CONNECTED TRANSACTION  
RELATING TO THE PAYMENT OF THE GUARANTEE FEE  
PURSUANT TO THE ENTRUSTMENT  
GUARANTEE AGREEMENT**

**THE PAYMENT OF THE GUARANTEE FEE PURSUANT TO THE ENTRUSTMENT  
GUARANTEE AGREEMENT**

On 27 April 2022, Hengsheng Huachuang (a wholly-owned subsidiary of the Company), the Company and Capital Group entered into the Entrustment Guarantee Agreement in relation to the joint liability guarantee provided by Capital Group in connection with the Scheme in favour of China Life Investment (the Scheme's trustee) as stipulated under the Credit Enhancement Agreement and Hengsheng Huachuang (as the Scheme's originator) shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group under the Entrustment Guarantee Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Group is the ultimate controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to the Company by Capital Group by virtue of the Provision of Guarantee; and (ii) the payment of the guarantee fee to Capital Group by Hengsheng Huachuang under the Entrustment Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Provision of Guarantee by Capital Group is on normal commercial terms and not secured by any assets of the Group, such transaction is fully exempted under Rule 14A.90 of the Listing Rules; and (ii) one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to Capital Group by Hengsheng Huachuang exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company has, through China Life Investment (as the Scheme's trustee), arranged for the establishment of the Scheme, an asset-backed securitized product known as China Life Investment — BCG Outlets First Stage Asset Support Scheme\* (國壽投資—首創鉅大奧特萊斯第一期資產支持計劃), for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing BCG Outlets (an indirect wholly-owned subsidiary of the Company) and Kunming BC Outlets (an indirect non wholly-owned subsidiary of the Company) and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the Scheme for the purpose of raising funds for the Group's operation and development of business. The Group's Properties, namely Chongqing Capital Outlets (owned by Chongqing BCG Outlets) and Kunming Capital Outlets (owned by Kunming BC Outlets), and related income will be charged and pledged in favour of China Life Investment and secured as a guarantee for the liabilities owed to China Life Investment by Chongqing BCG Outlets and Kunming BC Outlets under the Scheme. In connection with the Scheme, the Company, Capital Group and China Life Investment entered into the Credit Enhancement Agreement for the same term as the Scheme and pursuant to which, the Company will arrange for credit enhancement in respect of the Scheme, including the payment of any shortfall of the sums such as principal and interests of the liabilities owed to China Life Investment by Chongqing BCG Outlets and Kunming BC Outlets, and Capital Group will provide a guarantee in favour of China Life Investment in connection with the Reimbursement of Shortfall Commitment.

The Scheme will not involve the disposal of assets or internal restructuring of the Group, and the Project Companies will remain as the subsidiaries of the Group and the financial results of which will continue to be consolidated into the financial statements of the Group.

On 27 April 2022, Hengsheng Huachuang (a wholly-owned subsidiary of the Company), the Company and Capital Group entered into the Entrustment Guarantee Agreement in relation to the guarantee provided by Capital Group for the Scheme in favour of China Life Investment as stipulated under the Credit Enhancement Agreement and Hengsheng Huachuang shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group under the Entrustment Guarantee Agreement.

## THE ENTRUSTMENT GUARANTEE AGREEMENT

The principal terms of the Entrustment Guarantee Agreement are set out below:

Date: 27 April 2022

Parties: (a) Capital Group as the guarantor;  
(b) the Company as the entrusted guarantor  
(c) Hengsheng Huachuang as the Scheme's originator

Guarantee purpose: the Company will arrange for credit enhancement in respect of the Scheme, including the Reimbursement of Shortfall Commitment, and Capital Group will provide guarantee for the Company's Reimbursement of Shortfall Commitment in favour of China Life Investment under the Credit Enhancement Agreement.

Maximum total principal amount of guarantee liability: RMB1,350,000,000, being the maximum amount that the Group may draw down as borrowings under the Scheme.

Term: 3 years from the date of the Entrustment Guarantee Agreement.

Guarantee fee : the guarantee fee is calculated based on 0.7% per annum of the balance of the actual total principal amount drawn down by the Group as borrowings under the Scheme and deducting the amount repaid by the Group, subject to the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Entrustment Guarantee Agreement.

Payment method : the guarantee fee will be paid on an annual basis, to be paid by Hengsheng Huachuang to Capital Group within 30 working days from the date of release of funds from the Scheme; thereafter for every complete year (i.e. the anniversary date of such date of initial release of funds from the Scheme by China Life Investment); and the last instalment of the guarantee fee shall be paid immediately following the repayment of principal of the borrowings.

## ANNUAL CAPS UNDER THE ENTRUSTMENT GUARANTEE AGREEMENT

The Group and Capital Group did not have any historical transactions in respect of Provision of Guarantee in favour of China Life Investment and related payment of guarantee fee in the past 12 months.

The Annual Caps is based on the maximum guarantee fee payable by the Company under the Entrustment Guarantee Agreement and should be calculated as follows:

	<b>For the period from 27 April 2022 to 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>For the period from 1 January 2025 to 27 April 2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum guarantee fee under the Entrustment Guarantee Agreement	6,447	9,450	9,450	3,030

The calculation for the maximum guarantee fee is based on 0.7% per annum, which is similar to or better than that charged for comparable entrustment guarantee arrangements in the market, multiplied by the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Entrustment Guarantee Agreement of RMB1,350,000,000. In view of the factors above, the Board considers that the Annual Caps are fair and reasonable.

## REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE ENTRUSTMENT GUARANTEE AGREEMENT

The Board considers that the Scheme will serve as a means for the Group to raise funds in the capital market, while the Group would continue to enjoy the economic benefits generated from the Properties as the financial results of the Project Companies will continue to be consolidated into the financial statements of the Group. The cash flow generated from the Scheme will provide further support to the operations and development of the businesses of the Group. Having considered the prevailing market conditions, the Board (including the independent non-executive Directors, but excluding Mr. Wang Hao for the reasons below) is of the view that the entering into of the Entrustment Guarantee Agreement is in the ordinary and usual course of business of the Group and the Entrustment Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Wang Hao is a member of the management team of Capital Group, he is deemed to be interested in the Entrustment Guarantee Agreement. Therefore, Mr. Wang Hao has abstained from approving the Board resolution(s) relating to the Entrustment Guarantee Agreement. Save as the aforesaid, none of the Directors had abstained from approving the Board resolution(s) relating to the Entrustment Guarantee Agreement.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329). The Company is an investment holding company and the Group is principally engaged in commercial property development, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC.

### **Hengsheng Huachuang**

Hengsheng Huachuang is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is the commercial management platform of the Company that provides commercial management services for the outlet projects of Capital Group.

### **Capital Group**

Capital Group is a state-owned enterprise owned by the People's Government of Beijing Municipality and is under the direct supervision of the State-Owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Capital Group has four core businesses, namely environmental protection, infrastructure, real estate and financial services.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Group is the ultimate controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to Hengsheng Huachuang by Capital Group by virtue of the Provision of Guarantee; and (ii) the payment of the guarantee fee to Capital Group by Hengsheng Huachuang under the Entrustment Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Provision of Guarantee by Capital Group is on normal commercial terms and not secured by any assets of the Group, such transaction is fully exempted under Rule 14A.90 of the Listing Rules; and (ii) one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to Capital Group by Hengsheng Huachuang exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Caps”	the annual caps based on the maximum amount of the guarantee fee payable by Hengsheng Huachuang to Capital Group under the Entrustment Guarantee Agreement for the relevant periods
“Board”	the board of Directors
“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, which is the ultimate controlling shareholder and a connected person of the Company
“China Life Investment”	China Life Investment Management Company Limited (國壽投資保險資產管理有限公司), a company established under the laws of the PRC with limited liability, being the Scheme’s trustee and an independent third party
“Chongqing BCG Outlets”	Chongqing BCG Outlets Properties Co., Ltd.* (重慶首鉅奧特萊斯置業有限公司), a company established under the laws of the PRC with limited liability, being the project company holding Chongqing Capital Outlets and an indirect wholly-owned subsidiary of the Company
“Chongqing Capital Outlets”	Chongqing Capital Outlets* (重慶奧特萊斯), located in Chongqing with a site area of approximately 68,000 square meters and leaseable area of approximately 54,000 square meters
“Company”	Beijing Capital Grand Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Credit Enhancement Agreement”	an agreement entered into among the Company, Capital Group and China Life Investment on 9 February 2022 in relation to the credit enhancement of the Scheme pursuant to which the Company will provide the Reimbursement of Shortfall Commitment in favour of China Life Investment and accordingly Capital Group will provide the related guarantee, named as the Credit Enhancement Agreement for China Life Investment — BCG Outlets First Stage Asset Support Scheme* (國壽投資—首創鉅大奧特萊斯第一期資產支持計劃增信安排協議)

“Director(s)”	the director(s) of the Company
“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into among Hengsheng Huachuang, the Company and Capital Group on 27 April 2022 in relation to the Provision of Guarantee by Capital Group under the Credit Enhancement Agreement
“Group”	the Company and its subsidiaries
“Hengsheng Huachuang”	Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd.* (珠海橫琴恆盛華創商業管理有限公司), a company established under the laws of the PRC with limited liability, being the Scheme’s originator and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	independent third party(ies) not connected with (within the meaning of the Listing Rules) the Company as far as the Directors are aware after having made all reasonable enquiries
“Kunming BC Outlets”	Kunming Beijing Capital Outlets Commercial Operation Management Co., Ltd.* (昆明首創奧萊商業營運管理有限公司), a company established under the laws of the PRC with limited liability, being the project company holding Kunming Capital Outlets and an indirect non wholly-owned subsidiary of the Company
“Kunming Capital Outlets”	Kunming Capital Outlets* (昆明奧特萊斯), located in Kunming with a site area of approximately 74,000 square meters and leaseable area of approximately 51,000 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Companies”	Chongqing BCG Outlets and Kunming BC Outlets
“Properties”	Chongqing Capital Outlets and Kunming Capital Outlets
“Provision of Guarantee”	the provision of guarantee by Capital Group in favour of China Life Investment as stipulated under the Credit Enhancement Agreement

“Reimbursement of Shortfall Commitment”	the Company’s commitment for payment of any shortfall of principal and interests payable by the Group to the Scheme in favour of China Life Investment pursuant to the Credit Enhancement Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	an asset-backed securitized product known as China Life Investment — BCG Outlets First Stage Asset Support Scheme* (國壽投資—首創鉅大奧特萊斯第一期資產支持計劃), established for issuing beneficiary certificates for the purpose of raising funds for the Group’s operation and development of business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “continuing 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 Grand Limited**  
**Fan Shubin**  
*Executive Director*

Beijing, 27 April 2022

*As at the date of this announcement, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Feng Yujian (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Yang, Paul Chunyao as non-executive Directors; and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive Directors.*