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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 29 September 2023, the Company, Hengsheng Huachuang (an indirect wholly-owned subsidiary of the Company) and BCCDG entered into the Entrustment Guarantee Agreement in relation to the joint liability guarantee provided by BCCDG in connection with the Reimbursement of Shortfall Obligation of the Company as stipulated under the Scheme and the Supplemental Agreement to Credit Enhancement Agreement and in return, Hengsheng Huachuang shall pay a guarantee fee to BCCDG calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by BCCDG under the Entrustment Guarantee Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BCCDG is a controlling shareholder of the Company, and therefore BCCDG is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the payment of the guarantee fee to BCCDG by Hengsheng Huachuang under the Entrustment Guarantee Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to BCCDG 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 circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 9 December 2019 that the Company has arranged the establishment of an asset-backed securities scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創—首創鉅大奧特萊斯一號第一期資產支持專項計劃), pursuant to which ABS in an aggregate principal amount of RMB3,579,000,000 have been issued, of which Senior Class ABS amounted to RMB2,700,000,000 was subscribed by China Minsheng Banking Corp., Ltd., and Subordinated Class ABS amounted to RMB879,000,000 was subscribed by Hengsheng Huachuang. Under the Scheme and the Credit Enhancement Agreement, the Company shall have Reimbursement of Shortfall Obligation in respect of any shortfall in the event that the Scheme does not have sufficient assets for the full repayment of the principal amount of the Senior Class ABS upon the expiry of the term. BCL shall provide a guarantee for such Reimbursement of Shortfall Obligation of the Company.

On 23 June 2022, the Company, BCCDG, the Scheme Manager and the Fund Manager entered into the Supplemental Agreement to Credit Enhancement Agreement in relation to the assignment by BCL to BCCDG of its rights and obligations under the Credit Enhancement Agreement.

On 29 September 2023, the Company, Hengsheng Huachuang and BCCDG entered into the Entrustment Guarantee Agreement in relation to the joint liability guarantee provided by BCCDG in connection with the Reimbursement of Shortfall Obligation as stipulated under the Scheme and the Supplemental Agreement to Credit Enhancement Agreement and in return, Hengsheng Huachuang shall pay a guarantee fee to BCCDG calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by BCCDG under the Entrustment Guarantee Agreement.

THE ENTRUSTMENT GUARANTEE AGREEMENT

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

Date: 29 September 2023

Parties : (a) BCCDG as the new 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, and BCCDG will provide joint liability guarantee for the Company's Reimbursement of Shortfall Obligation for the Scheme under the Supplemental Agreement to Credit Enhancement Agreement.

Term: From 29 September 2023 to 8 December 2024

Guarantee fee: The guarantee fee is calculated based on 0.7% per annum of the total principal amount of Senior Class ABS up to RMB2,700,000,000 under the Scheme after deducting the amount repaid by the Group.

Payment method: The guarantee fee will be calculated based on the number of days involved; the first guarantee fee (calculated up to 31 December 2023) shall be paid by Hengsheng Huachuang to BCCDG within 30 working days from the effective date of the Entrustment Guarantee Agreement; and the last payment of the guarantee fee (calculated from 1 January 2024 to 8 December 2024) shall be made immediately following the repayment of all the principal amount of Senior Class ABS under the Scheme.

ANNUAL CAPS UNDER THE ENTRUSTMENT GUARANTEE AGREEMENT

The Group has not had any historical transactions with BCCDG in relation to the Provision of Guarantee and payment of related guarantee fee during the previous 12 months.

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

	For the period from 29 September 2023 to 31 December 2023 RMB'000	For the year ending 31 December 2024 RMB'000
Maximum guarantee fee under the Entrustment Guarantee Agreement	4,868	17,813

The maximum guarantee fee is calculated by multiplying the rate of 0.7% per annum by the maximum aggregate principal amount of RMB2,700,000,000 of the guarantee liability assumed by BCCDG as stipulated under the Entrustment Guarantee Agreement, and calculated based on the number of days involved.

In determining the proposed Annual Caps, the Company has considered the following factors:

- (a) The rate of 0.7% per annum is consistent with the rates paid by the Group for entrustment guarantee agreements previously entered into with Capital Group; and
- (b) The rate of 0.7% per annum is similar to or better than that charged for comparable entrustment guarantee arrangements in the market.

Based on the above factors, the Directors consider 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 enables the Group to securitise the Properties and raise funds from the capital markets and the cash flows generated from the Scheme will further support the Group's business operation and development. The Provision of Guarantee by BCCDG in connection with the Reimbursement of Shortfall Obligation of the Company will be conducive to the smooth operation of the Scheme. The terms of the Entrustment Guarantee Agreement are determined based on arm's length negotiation among the parties. The Board (including the independent non-executive Directors, with the exception of Mr. Fan Shubin, Mr. Xu Jian and Ms. Qin Yi for the reasons set out below), considers that the Entrustment Guarantee Agreement was entered into in the ordinary and usual course of business of the Group and that the Entrustment Guarantee Agreement and the transactions contemplated thereunder are on normal or better commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Fan Shubin (the Chairman of the Board and an executive Director of the Company) also serves as an executive director and the general manager of BCCDG, Mr. Xu Jian (the Chief Executive Officer and an executive Director of the Company) also serves as the deputy general manager of BCCDG, and Ms. Qin Yi (a non-executive Director of the Company) also serves as a non-executive director and the secretary to the board of directors of BCCDG, they have abstained from voting on the Board resolution(s) in relation to the Entrustment Guarantee Agreement. Save as the aforesaid, none of the Directors has a material interest in the transactions contemplated under the Entrustment Guarantee Agreement which required them to abstain from voting on the Board resolution(s) to approve the same.

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 an indirect wholly-owned subsidiary of the Company. It is the commercial management platform of the Company that provides commercial management services for the outlets projects of Capital Group.

BCCDG

BCCDG is a company incorporated under the laws of the PRC with limited liability and a controlling shareholder of the Company and a connected person of the Company. It is a large-scale conglomerate specialising in urban development business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BCCDG is a controlling shareholder of the Company, and therefore BCCDG is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the payment of the guarantee fee to BCCDG by Hengsheng Huachuang under the Entrustment Guarantee Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to BCCDG 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 circular and independent shareholders' approval requirements 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:

“ABS”	asset-backed securities
“Annual Caps”	the annual caps based on the maximum amount of the guarantee fee payable by Hengsheng Huachuang to BCCDG under the Entrustment Guarantee Agreement for the relevant periods
“BCCDG”	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 and a controlling shareholder of the Company and a connected person of the Company
“BCL”	Beijing Capital Land Co., Ltd. (首創置業有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of BCCDG
“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 controlling shareholder of BCCDG
“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), 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”	the agreement, which is named as the Credit Enhancement Agreement for Zhonglian Yichuang — Beijing Capital Grand Outlets No. 1 Phase I Asset-backed Securities Scheme* (中聯一創—首創鉅大奧特萊斯一號第一期資產支持專項計劃增信安排協議), entered into among the Company, BCL, the Scheme Manager and the Fund Manager on 27 February 2019 in relation to the credit enhancement of the Scheme pursuant to which the Company will have a Reimbursement of Shortfall Obligation for the Scheme and accordingly BCL will provide a joint liability guarantee
“Director(s)”	the director(s) of the Company

“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into among Hengsheng Huachuang, the Company and BCCDG on 29 September 2023 in relation to the Provision of Guarantee by BCCDG and payment of guarantee fee by Hengsheng Huachuang to BCCDG
“Fund Manager”	GSUM Real Estate Fund Management Co., Ltd.* (中聯前源不動產基金管理有限公司), a company established under the laws of the PRC with limited liability, being the fund manager of the Scheme
“Group”	the Company and its subsidiaries
“Hengsheng Huachuang”	Zhuhai Hengqin Hengsheng Huachuang Business 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 an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended 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 and Taiwan of the People’s Republic of China
“Properties”	the Fangshan Capital Outlets and the Kunshan Capital Outlets held by the Group
“Provision of Guarantee”	the provision of a guarantee by BCCDG for the Scheme as stipulated under the Supplemental Agreement to Credit Enhancement Agreement
“Reimbursement of Shortfall Obligation”	the Company’s obligation pursuant to the Credit Enhancement Agreement for payment of any shortfall of principal amount owed to holders of the Senior Class ABS under the Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the ABS scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創一首創鉅大奧特萊斯一號第一期資產支持專項計劃), established for securitising the Properties through the issuance of ABS to holders of ABS, and the project companies are accounted for as subsidiaries of the Company

“Scheme Manager”	First Capital Securities Co., Ltd.* (第一創業證券股份有限公司), a joint stock company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002797), being the scheme manager of the Scheme
“Senior Class ABS”	senior asset-backed securities in the principal amount of RMB2,700,000,000 issued pursuant to the Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Class ABS”	subordinated class asset-backed securities in the principal amount of RMB879,000,000 issued pursuant to the Scheme
“Supplemental Agreement to Credit Enhancement Agreement”	the agreement, which is named as the Supplemental Agreement to Credit Enhancement Agreement for Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創—首創鉅大奧特萊斯一號第一期資產支持專項計劃增信安排協議之補充協議), entered into among the Company, BCCDG, the Scheme Manager and the Fund Manager on 23 June 2022 in relation to the adjustment on credit enhancement of the Scheme pursuant to which the Company will have a Reimbursement of Shortfall Obligation for the Scheme and accordingly BCCDG will provide a joint liability guarantee
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “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.

By Order of the Board
Beijing Capital Grand Limited
Peng Sisi
Company Secretary

Hong Kong, 29 September 2023

As at the date of this announcement, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xu Jian (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Zhao Randolph as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors.

*The English transliteration of the Chinese name(s) in this announcement (if any), where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*