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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 26 October 2023, Shanghai Juque (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 favor of CITIC Bank for the Loan granted by CITIC Bank to Shanghai Juque as stipulated under the Guarantee Agreement and in return, Shanghai Juque 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 Shanghai Juque 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 Shanghai Juque 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.

BACKGROUNDS

On 26 October 2023, Shanghai Juque (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 favor of CITIC Bank for the Loan granted by CITIC Bank to Shanghai Juque as stipulated under the Guarantee Agreement and in return, Shanghai Juque 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: 26 October 2023

Parties : (a) BCCDG as the guarantor;
(b) Shanghai Juque as the entrusted guarantor.

Guarantee purpose: In respect of the covenant between Shanghai Juque as borrower and CITIC Bank as lender under the loan agreement for the Loan, BCCDG will provide joint liability guarantee in favor of CITIC Bank for the repayment of the principal and the payment of interests of the Loan under the Guarantee Agreement.

Term: From 26 October 2023 to 25 October 2026

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 Shanghai Juque as borrowings under the Loan and deducting the amount repaid by Shanghai Juque (the maximum amount that Shanghai Juque may draw down as borrowings under the Loan is RMB1,169,400,000).

Payment method: The guarantee fee will be paid on an annual basis and calculated based on the number of days involved; the first annual guarantee fee shall be calculated from the date of release of funds from the Loan and paid by Shanghai Juque to BCCDG on 31 December 2023; subsequent guarantee fees shall be paid every complete year thereafter; and the last payment of the guarantee fee shall be made immediately following the repayment of all borrowings under the Loan.

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 Shanghai Juque under the Entrustment Guarantee Agreement and should be calculated as follows:

	For the period from 26 October 2023 to 31 December 2023 RMB'000	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000	For the period from 1 January 2026 to 25 October 2026 RMB'000
Maximum guarantee fee under the Entrustment Guarantee Agreement	1,502.6	8,185.8	8,185.8	6,683.2

The maximum guarantee fee is calculated by multiplying the rate of 0.7% per annum by the maximum aggregate principal amount of RMB1,169,400,000 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 joint liability guarantee provided by BCCDG in favor of CITIC Bank will facilitate Shanghai Juque in obtaining the Loan from CITIC Bank and the Loan will improve the working capital of the Group. 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

Shanghai Juque

Shanghai Juque 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 investment holding platform of the Company.

BCCDG

BCCDG is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Capital Group. It is a large-scale industrial group 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 Shanghai Juque 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 Shanghai Juque 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:

“Annual Caps”	the annual caps based on the maximum amount of the guarantee fee payable by Shanghai Juke 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
“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
“CITIC Bank”	China Citic Bank Corporation Limited Beijing Branch (中信銀行股份有限公司北京分行)
“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)
“Director(s)”	the director(s) of the Company
“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into between Shanghai Juke and BCCDG on 26 October 2023 in relation to the Provision of Guarantee by BCCDG and payment of guarantee fee by Shanghai Juke to BCCDG
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 24 October 2023 entered into between BCCDG and CITIC Bank in relation to the Provision of Guarantee
“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

“Loan”	a loan in the principal amount of not exceeding RMB1,169,400,000 granted by CITIC Bank to Shanghai Juque pursuant to the loan agreement entered into between CITIC Bank and Shanghai Juque on 24 October 2023
“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
“Provision of Guarantee”	the provision of a joint liability guarantee by BCCDG in favour of CITIC Bank for the Loan as stipulated under the Guarantee Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Juque”	Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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
Xu Jian
Executive Director

Beijing, 26 October 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).*