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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)**

## CONNECTED TRANSACTION RENEWAL OF LEASE AGREEMENT

On 11 December 2020, Beijing Hengsheng entered into the Lease Renewal with Shangbodi and GoldenNet in relation to the leasing of the Premises, which will continue to be used by the Group as office.

In accordance with HKFRS 16, the Group is required to recognize the Premises as right-of-use-assets, and, as a result, the entry into of the Lease Renewal and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules.

Shangbodi is a connected person of the Company by virtue of it being a joint venture owned as to 51% by BCL, the controlling shareholder of the Company. Accordingly, the Lease Renewal constitutes an one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Lease Renewal exceeds 0.1% but is less than 5%, the transactions contemplated under the Lease Renewal are subject to the reporting, and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### THE LEASE RENEWAL

The term of the Previous Lease will be expired on 13 December 2020. Beijing Hengsheng, an indirectly wholly-owned subsidiary of the Company, intends to renew the Previous Lease and have been negotiating the terms of the renewal with Shangbodi (a connected person of the Company) and GoldenNet (an Independent Third Party).

On 11 December 2020, Beijing Hengsheng, an indirectly wholly-owned subsidiary of the Company, entered into the Lease Renewal with Shangbodi (a connected person of the Company) and GoldenNet (an Independent Third Party) in relation to the leasing of the Premises.

Principal terms of the Lease Renewal are set out as follows:

1. **Date:** 11 December 2020
2. **Parties:**
  - (i) Beijing Hengsheng, as tenant;
  - (ii) Shangbodi, as landlord; and
  - (iii) GoldenNet, as property management service provider.
3. **Premises:** 2/F, 3/F, 4/F and western portion of 1/F of Block 18, Langyuan Vintage, No. 6 Langjiayuan, Chaoyang District, Beijing, PRC, with a total leasable floor area of 1,820 square metres
4. **Principal use:** the Premises shall be used by Beijing Hengsheng as office, and the principal use of the Premises shall not be changed without GoldenNet's written consent
5. **Term:** The term of the Lease Renewal commences from 14 December 2020 for 36 months up to 13 December 2023 (both days inclusive)
6. **Rent:** RMB664,300 per month, payable by Beijing Hengsheng to Shangbodi quarterly.
7. **Property management fee:** RMB38,750.83 per month, payable by Beijing Hengsheng to GoldenNet quarterly.
8. **Renewal:** Beijing Hengsheng shall have the right of first refusal to renew the Lease Renewal on the same terms, subject to a three-month advance written notice prior to the expiry of the term of the Lease Renewal (i.e. 13 December 2023) being served by Beijing Hengsheng to GoldenNet

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE RENEWAL**

The Company was incorporated in the Cayman Islands and its shares 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.

The Premises under the Lease Renewal will continue to be used by the Group as its office in Beijing for the onshore operational businesses of the Group. The terms of the Lease Renewal have been determined after arm's length negotiation between the parties with reference to the prevailing market rent for the Premises and comparable premises in the vicinity. The rent and property management fee is expected to be satisfied by internal resources of the Group in its ordinary and usual course of business.

The Directors (including the independent non-executive Directors) are of the view that the Lease Renewal was entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that the terms of the Lease Renewal, including the rent and property management fee, set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

Beijing Hengsheng is a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company. It is the registered holder of certain registered trademarks in the PRC which are used by the Group in the course of the operations of its outlets projects.

Shangbodi is a company established in the PRC with limited liability and is owned as to 51% by BCL and as to 49% by Beijing Huitian Weiye Investment Management Co., Ltd.\* (北京滙天偉業投資管理有限公司), which is ultimately and beneficially owned as to 95% by Wang Yanyue (王延月) and as to 5% by Yang Guang (楊光), each of them being an Independent Third Party. Shangbodi is principally engaged in investment management in the PRC.

GoldenNet, an Independent Third Party, is a company established in the PRC with limited liability and is principally engaged in property management in the PRC. It is owned as to 45% by Zhang Jingyi (張靜頤), 10% by Zhao Qian (趙謙) and 45% by Beijing Golden Network Baicheng Investment Consulting Co., Ltd.\* (北京金網絡百城投資顧問有限公司) which in turn is owned as to 50%, 30% and 20% by Zhang Jingyi (張靜頤), Yang Qianghong (楊強宏) and Li Hongyan (李鴻雁), respectively. GoldenNet is entrusted by Shangbodi to manage the operation of the Premises, including but not limited to collection of rent, surrender and renewal of tenancy and renovation and maintenance of the property. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, GoldenNet and its ultimate beneficial owners are Independent Third Parties.

## LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group is required to recognize the Premises as right-of-use-assets, and, as a result, the entry into of the Lease Renewal and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The aggregate value of the right-of-use asset to be recognised by the Group under the Lease Renewal is estimated to be approximately RMB21,443,024, being the present value of the aggregate rent under the Lease Renewal in accordance with HKFRS 16.

Shangbodi is a connected person of the Company by virtue of it being a joint venture owned as to 51% by BCL, the controlling shareholder of the Company. Accordingly, the Lease Renewal constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Lease Renewal exceeds 0.1% but is less than 5%, the transactions contemplated under the Lease Renewal are subject to the reporting, and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best knowledge of the Company and having made all reasonable enquiries, none of the Director was considered to have a material interest in the Lease Renewal and the transactions contemplated thereunder under the Listing Rules, therefore no Director was required to abstain from voting on the resolution proposed in the meeting of the Board approving the Lease Renewal and the transactions contemplated thereunder. However, Mr. Zhong Beichen, the chairman of the Board and an executive Director of the Company, is also the president and an executive director of BCL and Ms. Qin Yi, a non-executive Director of the Company, is also the board secretary of BCL and they have voluntarily abstained from voting on the Board resolutions approving the Lease Renewal and the transactions contemplated thereunder.

## DEFINITIONS

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

“BCL”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated in the PRC with limited liability on 5 December 2002, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868), the controlling shareholder and thus a connected person of the Company under Rule 14A.07 of the Listing Rules
“Beijing Hengsheng”	Beijing Hengsheng Huaxing Investment Management Co., Ltd.* (北京恒盛華星投資管理有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company
“Board”	the board of Directors

“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)
“Director(s)”	the director(s) of the Company
“GoldenNet”	GoldenNet Yicheng Asset Management (Beijing) Co., Ltd.* (金網絡怡成資產管理(北京)有限公司), a company incorporated in the PRC and an Independent Third Party
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party not connected with the Company and its connected persons, having the meaning ascribed to such term in the Listing Rules
“Lease Renewal”	the tenancy agreement dated 11 December 2020 entered into among Shangbodi, GoldenNet and Beijing Hengsheng in respect of the Premises
“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
“Premises”	2/F, 3/F, 4/F and western portion of 1/F of Block 18, Langyuan Vintage, No. 6 Langjiayuan, Chaoyang District, Beijing, PRC
“Previous Lease”	the lease entered into between Beijing Hengsheng, Shangbodi and GoldenNet on 1 February 2019 in respect of the Premises, details of which are disclosed in the announcement of the Company dated 1 February 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shangbodi”	Beijing Shangbodi Investment Consultant Co., Ltd.* (北京尚博地投資顧問有限公司), a company incorporated in the PRC and owned as to 51% by BCL

“Shareholder(s)”	holder(s) of the share(s) 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)”, “connected transaction(s)”, “controlling shareholder(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**  
**Lee Sze Wai**  
*Company Secretary*

Hong Kong, 11 December 2020

*As at the date of this announcement, the Board comprises Mr. Zhong Beichen (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; Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive Directors.*