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*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 2868)**

**(1) MAJOR AND CONNECTED TRANSACTION  
IN RESPECT OF THE PROPOSED ACQUISITIONS OF  
EQUITY INTERESTS IN DONGHUAN XINRONG, LIUJIN ZHIYE,  
CHONGQING RUNZHI AND SHENYANG HAOHUA  
AND  
(2) POTENTIAL CONTINUING CONNECTED TRANSACTIONS**

**THE ACQUISITIONS**

The Board announces that on 3 June 2016, the Group entered into the following agreements with the controlling shareholder of the Company, Capital Group, and its subsidiaries, namely Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure (as the case may be), for the transfer of the equity interests in the Target Companies:

- (i) the Donghuan Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to acquire, and Capital Group has conditionally agreed to sell, the entire equity interest in Donghuan Xinrong at a consideration of RMB1,297,830,000 and the shareholders' loan in the amount of approximately RMB269,412,000, subject to the terms and conditions of the Donghuan Equity Transfer Agreement;
- (ii) the Liujin Equity Transfer Agreement, pursuant to which Zhongzhi Dingfu (a wholly-owned subsidiary of the Company) has conditionally agreed to acquire, and Capital Investment has conditionally agreed to sell, 60% equity interest in Liujin Zhiye at a consideration of RMB1,182,000,000 and the shareholders' loan in the amount of approximately RMB967,702,000, subject to the terms and conditions of the Liujin Equity Transfer Agreement;

- (iii) the Chongqing Equity Transfer Agreement, pursuant to which Xinli Yeda (a wholly-owned subsidiary of the Company) has conditionally agreed to acquire, and Chuangzhi Trust and Xinwei Infrastructure have conditionally agreed to sell, the entire equity interest in Chongqing Runzhi at a consideration of approximately RMB280,000 and the shareholders' loan in the amount of approximately RMB209,915,000, subject to the terms and conditions of the Chongqing Equity Transfer Agreement; and
- (iv) the Shenyang Equity Transfer Agreement, pursuant to which Xinli Yeda has conditionally agreed to acquire, and Capital Investment has conditionally agreed to sell, the entire equity interest in Shenyang Haohua at a consideration of approximately RMB328,000 and the aggregate shareholders' loan in the amount of approximately RMB275,228,000, subject to the terms and conditions of the Shenyang Equity Transfer Agreement.

### **POTENTIAL CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on 3 June 2016, Donghuan Xinrong and Capital Group entered into the Lease Agreement, pursuant to which Donghuan Xinrong has agreed to lease certain units in Capital Building\* (首創大廈) to Capital Group after completion of the transfer of equity interest in Donghuan Xinrong for self-use by Capital Group, subject to the completion of the transfer of equity interest in Donghuan Xinrong. The lease term will be for three years commencing from the completion of the equity transfer of Donghuan Xinrong and the total annual rent receivable by Donghuan Xinrong is RMB25,294,830, exclusive of property management fees, water and electricity fees and other charges.

### **LISTING RULES IMPLICATIONS**

#### *The Acquisitions*

As at the date of this announcement, Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure are subsidiaries of Capital Group, and Capital Group is the controlling shareholder of the Company and therefore, Capital Group, Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure are connected persons of the Company pursuant to the Listing Rules. Accordingly, the Acquisitions constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisitions is 25% or more but less than 100%, the Acquisitions constitute a major transaction for the Company under the Listing Rules and therefore will be subject to the annual reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### *The Lease Agreement*

Upon completion of the Acquisitions, the Target Companies will become wholly-owned subsidiaries of the Company and therefore, transactions between the Target Companies and Capital Group, the controlling shareholder of the Company and a connected person of the Company pursuant to the Listing Rules, will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement, which is subject to the completion of the equity transfer of Donghuan Xinrong, constitute potential continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Lease Agreement are less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

### **GENERAL INFORMATION**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Equity Transfer Agreements and the transactions contemplated thereunder. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreements and the transactions contemplated thereunder. Capital Group, being the controlling shareholder of the Company, its associates and any Shareholder who has a material interest in the Equity Transfer Agreements and the transactions contemplated thereunder, are required to abstain from voting at the EGM on the relevant resolutions in approving the Equity Transfer Agreements and the transactions contemplated thereunder.

Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that the circular containing, amongst other things, (i) further information on the Equity Transfer Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the Independent Shareholders regarding among others, the Equity Transfer Agreements and the transactions contemplated thereunder; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM, form of proxy and reply slip, will be despatched to the Shareholders on or around 24 June 2016, so as to allow sufficient time for the preparation of the information required to be included in the circular.

## **WARNING**

**The transactions contemplated under the Equity Transfer Agreements are separately subject to the approval of the Independent Shareholders at the EGM and in addition, the Acquisitions and the potential Continuing Connected Transactions are subject to, among others, the satisfaction of the conditions precedent and other requirements pursuant to the Equity Transfer Agreements and Lease Agreement, respectively. Therefore, the respective transactions contemplated under the Equity Transfer Agreements and the Lease Agreement may or may not proceed to completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the H Shares and other securities of the Company.**

## **THE ACQUISITIONS**

The Board announces that on 3 June 2016, the Group entered into the Equity Transfer Agreements with the controlling shareholder of the Company, Capital Group, and its subsidiaries, namely Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure (as the case may be), for the transfer of the equity interests in the Target Companies.

Major terms of the Equity Transfer Agreements are set out below:

### **(i) The Donghuan Equity Transfer Agreement**

#### ***Date***

3 June 2016

#### ***Parties***

The Donghuan Equity Transfer Agreement was entered into between:

- (a) Capital Group (as the seller); and
- (b) the Company (as the purchaser).

#### ***Interests to be acquired***

The entire equity interest in Donghuan Xinrong and the shareholders' loan of approximately RMB269,412,000 due to Capital Group. Upon completion, Donghuan Xinrong will become a wholly-owned subsidiary of the Company and the entire shareholders' loan will be owed to the Company.

Donghuan Xinrong mainly focuses on the property management and leasing of offices in Capital Building\* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District\* in Beijing (北京市東城區朝陽門北大街6號), of which a total GFA of 48,431.44 sq. m. is owned by Donghuan Xinrong.

The total original investment cost of the entire equity interest in Donghuan Xinrong by Capital Group was approximately RMB10,000,000, and the subsequent original acquisition cost of Capital Building\* (首創大廈) borne by Donghuan Xinrong was approximately RMB465,941,000.

### ***Consideration***

The consideration for the entire equity interest in Donghuan Xinrong and the shareholders' loan due to Capital Group is RMB1,297,830,000 and RMB269,412,000 respectively, which total amount is approximately RMB1,567,242,000 and will be settled by the Company in two instalments: (1) approximately RMB626,897,000 payable within three working days after satisfaction and/or waiver of all conditions precedent pursuant to the Donghuan Equity Transfer Agreement; and (2) approximately RMB940,345,000 payable within 10 working days after completion of the equity transfer of Donghuan Xinrong. The Company shall have the right to deduct from the aggregate consideration any expenses, compensation, losses or penalties incurred by it and/or Donghuan Xinrong which fall within the indemnity agreed to be provided by Capital Group under the section headed "(i) The Donghuan Equity Transfer Agreement – Indemnity" below.

### ***Basis of consideration***

The consideration was determined after arm's length negotiations between the parties of the Donghuan Equity Transfer Agreement on normal commercial terms and with reference to (a) the audited net asset value of Donghuan Xinrong as at 31 December 2015; (b) the valuation by an independent valuer, taking into account of the market value of the total equity of Donghuan Xinrong as at 31 December 2015; and (c) the total amount of shareholders' loan.

### ***Conditions precedent***

The Donghuan Equity Transfer Agreement shall become effective upon the fulfillment of the following conditions precedent, none of which are waivable:

- (a) the Donghuan Equity Transfer Agreement having been approved by the board of directors of the parties, the shareholders of the parties (including the Independent Shareholders of the Company) and any internal approval authority of the parties, where necessary;
- (b) the business valuation report by the independent valuer having been completed and approved in accordance with the applicable regulations on state-owned assets valuation and management, and the relevant approved documents having been obtained;
- (c) the acquisition pursuant to the Donghuan Equity Transfer Agreement having been approved by SASAC; and

- (d) all necessary approvals, including but not limited to consents, notifications, authorisations or waivers, required for the parties to perform their respective obligations under the Donghuan Equity Transfer Agreement having been obtained from relevant governmental, regulatory bodies (including the Stock Exchange) and relevant third parties, where such approvals have not been revoked prior to completion.

### ***Completion***

Completion of the transfer of the entire equity interest in Donghuan Xinrong shall take place on the 7th working day (or such other date agreed by the parties) upon: (i) all the conditions precedent pursuant to the Donghuan Equity Transfer Agreement are fulfilled; (ii) Capital Group having entered into new lease agreement(s) with Donghuan Xinrong in respect of certain units in Capital Building\* (首創大廈) for a term of three years commencing from the completion of the equity transfer of Donghuan Xinrong, being the Lease Agreement; and (iii) Capital Group being in compliance with the Donghuan Equity Transfer Agreement including their representations, warranties and undertakings thereunder.

In the event that any of the above requirements pursuant to the Donghuan Equity Transfer Agreement is not fulfilled by the parties before 31 October 2016 (unless otherwise waived by the Company, save for (i) above which cannot be waived), and the parties are unable to reach consensus on alternative arrangements, Capital Group shall return the first instalment of the consideration to the Company (without interest) within 10 working days. The Donghuan Equity Transfer Agreement and any arrangements contemplated thereunder will lapse and all obligations and liabilities of the parties thereunder will cease to have effect and no party shall have any claim against the other.

### ***Indemnity***

Capital Group has agreed to indemnify the Company for all liabilities, losses, expenses, compensation, penalties, debts and payables incurred or litigation involved, including damages and costs payable as a result of litigation, suffered by the Company prior to or subsequent to the completion of the equity transfer of Donghuan Xinrong and which arise from circumstances or matters occurring prior to completion of the acquisition of Donghuan Xinrong.

### ***Termination***

Either of the parties shall have the right to terminate the Donghuan Equity Transfer Agreement between the signing of the Donghuan Equity Transfer Agreement and completion of the equity transfer of Donghuan Xinrong if any of the following events occur, where upon the Donghuan Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) any change in laws renders the parties being unable to perform their respective obligations under the Donghuan Equity Transfer Agreement, and the parties are unable to agree on any alternative arrangements; or

- (b) any force majeure event including, among others, natural disasters, riot, war and changes in government policy.

In addition, the non-defaulting party shall have the right to terminate the Donghuan Equity Transfer Agreement between the signing of the Donghuan Equity Transfer Agreement and completion of the equity transfer of Donghuan Xinrong if any of the following breaches by the defaulting party having taken place, where upon the Donghuan Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) the representations and warranties or undertakings or information, document or data provided by the defaulting party is false or misleading or contains material omission, leading to the purpose of the Donghuan Equity Transfer Agreement being unable to be achieved;
- (b) the breach of any terms of the Donghuan Equity Transfer Agreement by the defaulting party, which has not been rectified by the defaulting party within 15 days of receiving the notice to rectify or compensate the adverse effect from the innocent party, leading to the transactions contemplated under the Donghuan Equity Transfer Agreement being unable to be completed; or
- (c) any material breach of laws and regulations, leading to the transactions contemplated under the Donghuan Equity Transfer Agreement being unable to be completed.

In any event, upon termination of the Donghuan Equity Transfer Agreement, Capital Group shall return the first instalment of the consideration to the Company (without interest) within 10 working days.

## **(ii) The Liujin Equity Transfer Agreement**

### ***Date***

3 June 2016

### ***Parties***

The Liujin Equity Transfer Agreement was entered into between:

- (a) Capital Investment (as the seller); and
- (b) Zhongzhi Dingfu (as the purchaser).

### ***Interests to be acquired***

The 60% equity interest in Liujin Zhiye and the shareholders' loan of approximately RMB967,702,000 due to Capital Investment. Upon completion, Liujin Zhiye will become a wholly-owned subsidiary of the Company and the entire shareholders' loan will be owed to the Group.

Liujin Zhiye mainly focuses on the primary land development (shantytown renovation) of a property project located in Xihuang Village, Shijingshan District\* in Beijing (北京市石景山西黄村), with a total planned site area of 521,462 sq. m. and a total planned GFA of 280,829 sq. m..

The original acquisition cost of the 60% equity interest in Liujin Zhiye for Capital Investment was approximately RMB60,000,000 and the aggregate amount of subsequent commitments by Capital Investment was approximately RMB972,000,000, thus the total cost is approximately RMB1,032,000,000.

### ***Consideration***

The consideration for 60% equity interest in Liujin Zhiye and the shareholders' loan due to Capital Investment is RMB1,182,000,000 and approximately RMB967,702,000, respectively, which total amount is approximately RMB2,149,702,000 and will be settled by Zhongzhi Dingfu in two instalments: (1) approximately RMB859,881,000 payable within three working days after the satisfaction and/or waiver of all conditions precedent pursuant to the Liujin Equity Transfer Agreement; and (2) approximately RMB1,289,821,000 payable within 10 working days upon completion of the equity transfer of Liujin Zhiye.

### ***Basis of consideration***

The consideration was determined after arm's length negotiations between the parties of the Liujin Equity Transfer Agreement on normal commercial terms and with reference to (a) the audited net asset value of Liujin Zhiye as at 31 December 2015; (b) the valuation by an independent valuer, taking into account of the market value of the relevant portion of the total equity of Liujin Zhiye as at 31 December 2015; and (c) the total amount of shareholders' loan.

### ***Conditions precedent***

The Liujin Equity Transfer Agreement shall become effective upon the fulfillment of the following conditions precedent:

- (a) the Liujin Equity Transfer Agreement having been approved by the board of directors of the parties, the shareholders of the parties (including the Independent Shareholders of the Company) and any internal approval authority of the parties, where necessary;
- (b) the business valuation report by the independent valuer having been completed and approved in accordance with the applicable regulations on state-owned assets valuation and valuation and management, and the relevant approved documents having been obtained;
- (c) the acquisition pursuant to the Liujin Equity Transfer Agreement having been approved by SASAC, and the relevant local government having also been notified of such acquisition;

- (d) Liujin Zhiye having completed the registration of the increase in its share capital; and
- (e) all necessary approvals, including but not limited to consents, notifications, authorisations or waivers, required for the parties to perform their respective obligations under the Liujin Equity Transfer Agreement having been obtained from relevant governmental, regulatory bodies (including the Stock Exchange) and relevant third parties, where such approvals have not been revoked prior to completion.

### ***Completion***

Completion of the transfer of the 60% equity interest in Liujin Zhiye shall take place on the 7th working day (or such other date agreed by the parties) upon all the conditions precedent pursuant to the Liujin Equity Transfer Agreement are fulfilled.

### ***Termination***

Either of the parties shall have the right to terminate the Liujin Equity Transfer Agreement between the signing of the Liujin Equity Transfer Agreement and completion of the equity transfer of Liujin Zhiye if any of the following events occur, where upon the Liujin Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) any change in laws renders the parties being unable to perform their respective obligations under the Liujin Equity Transfer Agreement, and the parties are unable to agree on any alternative arrangements; or
- (b) any force majeure event including, among others, natural disasters, riot, war and changes in government policy.

In addition, the non-defaulting party shall have the right to terminate the Liujin Equity Transfer Agreement between the signing of the Liujin Equity Transfer Agreement and completion of the equity transfer of Liujin Zhiye if any of the following breaches by the defaulting party having taken place, where upon the Liujin Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) the representations and warranties or undertakings or information, document or data provided by the defaulting party is false or misleading or contains material omission, leading to the purpose of the Liujin Equity Transfer Agreement being unable to be achieved;
- (b) the breach of any terms of the Liujin Equity Transfer Agreement by the defaulting party, which has not been rectified by the defaulting party within 15 days of receiving the notice to rectify or compensate the adverse effect from the innocent party, leading to the transactions contemplated under the Liujin Equity Transfer Agreement being unable to be completed; or

- (c) any material breach of laws and regulations, leading to the transactions contemplated under the Liu jin Equity Transfer Agreement being unable to be completed.

In any event, upon termination of the Liu jin Equity Transfer Agreement, Capital Investment shall return the first instalment of the consideration to Zhongzhi Dingfu (without interest) within 10 working days.

### **(iii) The Chongqing Equity Transfer Agreement**

#### ***Date***

3 June 2016

#### ***Parties***

The Chongqing Equity Transfer Agreement was entered into between:

- (a) Chuangzhi Trust (as co-sellers);
- (b) Xinwei Infrastructure (as co-sellers); and
- (c) Xinli Yeda (as the purchaser).

#### ***Interests to be acquired***

The entire equity interest in Chongqing Runzhi and the shareholders' loan of approximately RMB209,915,000 due to Chuangzhi Trust. Upon completion, Chongqing Runzhi will become a wholly-owned subsidiary of the Company and the entire shareholders' loan will be owed to the Group.

Chongqing Runzhi mainly focuses on the development of the Yuyue Project\* (渝閱項目) located in Jinma Village, Zouma Town, Jiulongpo District\* in Chongqing (重慶市九龍坡區走馬鎮金馬村), with a total planned site area of 200,001.70 sq. m. and a total planned GFA of 107,985.5 sq. m.. The project is primarily involved in the development of residential properties. As at 31 December 2015, the total completed GFA was 25,311.56 sq. m., of which 6,148.48 sq. m. has been sold.

The total original acquisition cost of the entire equity interest in Chongqing Runzhi for Chuangzhi Trust was approximately RMB169,000,000 and the aggregate amount of subsequent commitments by Xinwei Infrastructure and Chuangzhi Trust was approximately RMB80,000 and RMB333,000,000, respectively, thus the total cost is approximately RMB502,080,000.

### ***Consideration***

The consideration for the entire equity interest in Chongqing Runzhi and the shareholders' loan due to Chuangzhi Trust is approximately RMB280,000 and RMB209,915,000, respectively, which total amount is approximately RMB210,195,000 and will be settled by Xinli Yeda in three instalments: (1) approximately RMB54,078,000 payable within three working days after satisfaction and/or waiver of all conditions precedent pursuant to the Chongqing Equity Transfer Agreement; (2) approximately RMB126,117,000 payable within 10 working days after completion of the equity transfer of Chongqing Runzhi; and (3) RMB30,000,000 payable upon the first anniversary of the completion of the equity transfer of Chongqing Runzhi and after completion of the registration with relevant government authorities. Xinli Yeda shall have the right to deduct from the aggregate consideration any expenses, compensation, losses or penalties incurred by it and/or Chongqing Runzhi which fall within the indemnity agreed to be provided by Chuangzhi Trust and Xinwei Infrastructure under the section headed "(iii) The Chongqing Equity Transfer Agreement – Indemnity" below.

### ***Basis of consideration***

The consideration was determined after arm's length negotiations between the parties of the Chongqing Equity Transfer Agreement on normal commercial terms and with reference to (a) the audited net asset value of Chongqing Runzhi as at 31 December 2015; (b) the valuation by an independent valuer taking into account of the market value of the total equity of Chongqing Runzhi as at 31 December 2015; and (c) the total amount of shareholders' loan.

### ***Conditions precedent***

The Chongqing Equity Transfer Agreement shall become effective upon the fulfillment of the following conditions precedent, none of which are waivable:

- (a) the Chongqing Equity Transfer Agreement having been approved by the board of directors of the parties, and the shareholders of the parties (including the Independent Shareholders of the Company) and any internal approval authority of the parties, where necessary;
- (b) the business valuation report by the independent valuer having been completed and approved in accordance with the applicable regulations on state-owned assets valuation and management, and the relevant approved documents having been obtained;
- (c) the acquisition pursuant to the Chongqing Equity Transfer Agreement having been approved by SASAC;
- (d) Xinwei Infrastructure having paid up its portion of the registered share capital of Chongqing Runzhi, and Chongqing Runzhi having obtained the new business license after completion of the registration for the increase in share capital for Chongqing Runzhi; and

- (e) all necessary approvals, including but not limited to consents, notifications, authorisations or waivers, required for the parties to perform their respective obligations under the Chongqing Equity Transfer Agreement having been obtained from relevant governmental, regulatory bodies (including the Stock Exchange) and relevant third parties, where such approvals have not been revoked prior to completion.

### ***Completion***

Completion of the transfer of the entire equity interest in Chongqing Runzhi shall take place on the 7th working day (or such other date agreed by the parties) upon: (i) all the conditions precedent pursuant to the Chongqing Equity Transfer Agreement are fulfilled; (ii) Chongqing Runzhi having entered into a supplementary agreement with the relevant local land bureau in respect of the property development project; (iii) Chongqing Runzhi having obtained confirmation from the local authorities that it had not received any material penalty within the recent three years; (iv) Chongqing Runzhi has not received any adverse request from the relevant government authorities and/or experienced legal pediment(s) in relation to the commencement of work of the Yuyue Project\* (渝閱項目); and (v) Chuangzhi Trust and Xinwei Infrastructure being in compliance with the Chongqing Equity Transfer Agreement including their representations, warranties and undertakings thereunder.

In the event that any of the above requirements pursuant to the Chongqing Equity Transfer Agreement is not fulfilled by the parties before 31 October 2016 (unless otherwise waived by Xinli Yeda, save for (i) which cannot be waived), and the parties are unable to reach consensus on alternative arrangements, Chuangzhi Trust and/or Xinwei Infrastructure shall return the first instalment of the consideration to Xinli Yeda (without interest) within 10 working days. The Chongqing Equity Transfer Agreement will lapse and all obligations and liabilities of the parties thereunder will cease to have effect and no party shall have any claim against the other.

### ***Indemnity***

Chuangzhi Trust and Xinwei Infrastructure have agreed to indemnify Chongqing Runzhi and Xinli Yeda for all liabilities, losses, expenses, compensation, penalties, debts and payables incurred or litigation involved, including damages and costs payable as a result of litigation, suffered by Chongqing Runzhi and/or Xinli Yeda prior to or subsequent to the completion of the equity transfer of Chongqing Runzhi and which arise from circumstances or matters occurring prior to completion of the acquisition of Chongqing Runzhi.

### ***Termination***

Any of the parties shall have the right to terminate the Chongqing Equity Transfer Agreement between the signing of the Chongqing Equity Transfer Agreement and completion of the equity transfer of Chongqing Runzhi if any of the following events occur, where upon the Chongqing Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the third party:

- (a) any change in laws renders the parties being unable to perform their respective obligations under the Chongqing Equity Transfer Agreement, and the parties are unable to agree on any alternative arrangements; or
- (b) any force majeure event including, among others, natural disasters, riot, war and changes in government policy.

In addition, the non-defaulting party(ies) shall have the right to terminate the Chongqing Equity Transfer Agreement between the signing of the Chongqing Equity Transfer Agreement and completion of the equity transfer of Chongqing Runzhi, if any of the following breaches by the defaulting party(ies) having taken place, where upon the Chongqing Equity Transfer Agreement shall cease to have effect and none of the party(ies) shall have any claim against the other parties:

- (a) the representations and warranties or undertakings or information, document or data provided by the defaulting party is false or misleading or contains material omission, leading to the purpose of the Chongqing Equity Transfer Agreement being unable to be achieved;
- (b) the breach of any terms of the Chongqing Equity Transfer Agreement by the defaulting party, which has not been rectified by the defaulting party within 15 days of receiving the notice to rectify or compensate the adverse effect from the innocent party, leading to the transactions contemplated under the Chongqing Equity Transfer Agreement being unable to be completed; or
- (c) any material breach of laws and regulations, leading to the transactions contemplated under the Chongqing Equity Transfer Agreement being unable to be completed.

In any event, upon termination of the Chongqing Equity Transfer Agreement, Chuangzhi Trust and/or Xinwei Infrastructure shall return the first instalment of the consideration to Xinli Yeda (without interest) within 10 working days.

#### **(iv) The Shenyang Equity Transfer Agreement**

##### ***Date***

3 June 2016

##### ***Parties***

The Shenyang Equity Transfer Agreement was entered into among:

- (a) Capital Investment (as the seller);
- (b) Xinli Yeda (as the purchaser);
- (c) Capital Group; and

(d) Capital Fangzhou.

***Interests to be acquired***

The entire equity interest in Shenyang Haohua and the aggregate shareholders' loan in the amount of approximately RMB275,228,000 due to Capital Investment, Capital Group and Capital Fangzhou. Upon completion, Shenyang Haohua will become a wholly-owned subsidiary of the Company and the entire shareholders' loan will be owed to the Group.

Shenyang Haohua mainly focuses on the development of the Legendary Bay Project\* (首創•琥珀灣項目) located in Gaokan Subdistrict, Shenyang Qipanshan Tourism Development Zone\* in Shenyang (瀋陽市棋盤山旅遊開發區高坎街道), with a total planned site area of 231,666 sq. m. and a total planned GFA of 170,000 sq. m.. The project is primarily involved in the development of residential properties, retail shops and other facilities.

The total original acquisition cost of the entire equity interest in Shenyang Haohua for Capital Investment was approximately RMB4,500,000 and the aggregate amount of subsequent commitments by Capital Investment was approximately RMB325,000,000, thus the total cost is approximately RMB329,500,000.

***Consideration***

The consideration for the entire equity interest in Shenyang Haohua and the aggregate shareholders' loan due to Capital Investment, Capital Group and Capital Fangzhou is approximately RMB328,000 and RMB275,228,000, respectively, which total amount is approximately RMB275,556,000 and will be settled by Xinli Yeda in three instalments: (1) approximately RMB90,222,000 payable within three working days after satisfaction and/or waiver of all conditions precedent pursuant to the Shenyang Equity Transfer Agreement; (2) approximately RMB165,334,000 payable within 10 working days after completion of the equity transfer of Shenyang Haohua; and (3) RMB20,000,000 payable upon the first anniversary of the completion of the equity transfer of Shenyang and after completion of the registration with relevant government authorities. Xinli Yeda shall have the right to deduct from the relevant portion of the aggregate consideration any expenses, compensation, losses or penalties incurred by it and/or Shenyang Haohua which fall within the indemnity agreed to be provided by Capital Investment under the section headed "(iv) The Shenyang Equity Transfer Agreement – Indemnity" below.

***Basis of consideration***

The consideration was determined after arm's length negotiations between the parties of the Shenyang Equity Transfer Agreement on normal commercial terms and with reference to (a) the audited net asset value of Shenyang Haohua as at 31 December 2015; (b) the valuation by an independent valuer, taking into account of the market value of the total equity of Shenyang Haohua as at 31 December 2015; and (c) the total amount of shareholders' loan.

### ***Conditions precedent***

The Shenyang Equity Transfer Agreement shall become effective upon the fulfillment of the following conditions precedent, none of which are waivable:

- (a) the Shenyang Equity Transfer Agreement having been approved by the board of directors of the parties, the shareholders of the parties (including the Independent Shareholders of the Company) and any internal approval authority of the parties, where necessary;
- (b) the business valuation report by the independent valuer having been completed and approved in accordance with the applicable regulations on state-owned assets valuation and management, and the relevant approved documents having been obtained;
- (c) the acquisition pursuant to the Shenyang Equity Transfer Agreement having been approved by SASAC;
- (d) Shenyang Haohua having obtained the new business license after completion of the registration for the increase in share capital for Shenyang Haohua; and
- (e) all necessary approvals, including but not limited to consents, notifications, authorisations or waivers, required for the performance of obligations under the Shenyang Equity Transfer Agreement having been obtained from relevant governmental, regulatory bodies (including the Stock Exchange) and relevant third parties and such approvals not having been revoked prior to completion.

### ***Completion***

Completion of the transfer of the entire equity interest in Shenyang Haohua shall take place on the 7th working day (or such other date as agreed by the parties) upon: (i) all the conditions precedent pursuant to the Shenyang Equity Transfer Agreement are fulfilled; (ii) the updated social security registration certificate having been obtained by Shenyang Haohua; (iii) the updated provisional quality certificate for property development enterprises having been obtained by Shenyang Haohua; (iv) Shenyang Haohua having obtained confirmation from the local authorities that it had not received any material penalty within the recent three years; (v) Shenyang Haohua has not received any adverse request from the relevant government authorities and/or experienced legal pediment(s) in relation to the commencement of work of selected phases of the Legendary Bay Project\* (首創•琥珀灣項目); and (vi) Capital Investment being in compliance with the Shenyang Equity Transfer Agreement including its representations, warranties and undertakings thereunder.

In the event that any of the above requirements pursuant to the Shenyang Equity Transfer Agreement is not fulfilled by the parties before 31 October 2016 (unless otherwise waived by Xinli Yeda, save for (i) which cannot be waived), and the parties are unable to reach consensus on alternative arrangements, Capital Investment, Capital Group and Capital Fangzhou shall return the first instalment of the consideration to Xinli Yeda (without interest) within 10 working days. The Shenyang Equity Transfer Agreement will lapse and all obligations and liabilities of the parties thereunder will cease to have effect and no party shall have any claim against the other.

### ***Indemnity***

Capital Investment has agreed to indemnify Shenyang Haohua and Xinli Yeda for all liabilities, losses, expenses, compensation, penalties, debts and payables incurred or litigation involved, including damages and costs payable as a result of litigation, suffered by Shenyang Haohua and/or Xinli Yeda prior to or subsequent to the completion of the equity transfer of Shenyang Haohua and which arise from circumstances or matters occurring prior to completion of the acquisition of Shenyang Haohua.

### ***Termination***

Either of the parties shall have the right to terminate the Shenyang Equity Transfer Agreement between the signing of the Shenyang Equity Transfer Agreement and completion of the equity transfer of Shenyang Haohua if any of the following events occur, where upon the Shenyang Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) any change in laws renders the parties being unable to perform their respective obligations under the Shenyang Equity Transfer Agreement, and the parties are unable to agree on any alternative arrangements; or
- (b) any force majeure event including, among others, natural disasters, riot, war and changes in government policy.

In addition, the non-defaulting party shall have the right to terminate the Shenyang Equity Transfer Agreement between the signing of the Shenyang Equity Transfer Agreement and completion of the equity transfer of Shenyang Haohua, if any of the following breaches by the defaulting party have taken place, where upon the Shenyang Equity Transfer Agreement shall cease to have effect and neither party shall have any claim against the other party:

- (a) the representations and warranties or undertakings or information, document or data provided by the defaulting party is false or misleading or contains material omission, leading to the purpose of the Shenyang Equity Transfer Agreement being unable to be achieved;

- (b) the breach of any terms of the Shenyang Equity Transfer Agreement by the defaulting party, which has not been rectified by the defaulting party within 15 days of receiving the notice to rectify or compensate the adverse effect from the innocent party, leading to the transactions contemplated under the Shenyang Equity Transfer Agreement being unable to be completed; or
- (c) any material breach of laws and regulations, leading to the transactions contemplated under the Shenyang Equity Transfer Agreement being unable to be completed.

In any event, upon termination of the Shenyang Equity Transfer Agreement, Capital Investment, Capital Group and Capital Fangzhou shall return the first instalment of the consideration to Xinli Yeda (without interest) within 10 working days.

### **POTENTIAL CONTINUING CONNECTED TRANSACTIONS**

Upon completion of the Acquisitions, the Target Companies will become wholly-owned subsidiaries of the Company and therefore, transactions between the Target Companies and Capital Group will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 3 June 2016, Donghuan Xinrong, and Capital Group entered into the Lease Agreement, which is subject to the completion of the equity transfer of Donghuan Xinrong, and therefore the transactions contemplated thereunder constitute potential continuing connected transactions under the Listing Rules.

The principal terms of the Lease Agreement are set out below:

#### ***Date***

3 June 2016

#### ***Parties***

The Lease Agreement was entered into between:

- (a) Donghuan Xinrong (as the lessor); and
- (b) Capital Group (as the lessee).

### ***Leased premises***

The details of the leased premises are as follows:

<b>Description of premises</b>	<b>Total GFA sq. m.</b>	<b>Daily rent</b>	<b>Estimated annual rent</b>	<b>Usage</b>
Unit 907 in Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	199.37	RMB8.5 per sq. m.	RMB618,545	Office
Units 1005-1006 in Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	428.99	RMB8.5 per sq. m.	RMB1,330,941	Office
Unit 1008 in Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	361	RMB8.5 per sq. m.	RMB1,120,003	Office
Unit 1109 in Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	257.08	RMB8.5 per sq. m.	RMB797,591	Office
Whole of 15th, 16th and 17th floor of Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	6,588.69	RMB8.5 per sq. m.	RMB20,441,411	Office
43 car park spaces in basement first floor of Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	N/A	RMB40 per car park space	RMB627,800	Car parking

<b>Description of premises</b>	<b>Total GFA sq. m.</b>	<b>Daily rent</b>	<b>Estimated annual rent</b>	<b>Usage</b>
Room 02 in second level basement of Capital Building* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District* in Beijing (北京市東城區朝陽門北大街6號)	209	RMB4.7 per sq. m.	RMB358,540	Office
<b>Total</b>	8,044.13		RMB25,294,830	

### ***Payment of rent***

The estimated total annual rent receivable by Donghuan Xinrong is approximately RMB25,294,830, exclusive of property management fees, water and electricity fees and other charges.

Pursuant to the Lease Agreement, the rent for the leased premises shall be payable annually. Capital Group shall also be responsible for the property management fees, water and electricity fees and other charges in relation to the leased premises.

### ***Lease term and renewal of the Lease Agreement***

The lease term will be for three years commencing from the completion of the equity transfer of Donghuan Xinrong, which may be renewed by notice in writing from Capital Group no later than 90 days prior to the expiration of the lease term on terms to be agreed between the parties based on the prevailing market conditions and in compliance with the Listing Rules.

### ***Proposed annual caps***

The maximum aggregate amounts payable by Capital Group to Donghuan Xinrong under the Lease Agreements, which are also the respective proposed annual caps, are as follows:

Period from the completion of the equity transfer of Donghuan Xinrong to 31 December 2016	RMB6,400,000
Year ended 31 December 2017	RMB25,300,000
Year ended 31 December 2018	RMB25,300,000
Period from 1 January 2019 to the end of the lease term pursuant to the Lease Agreement	RMB23,187,000

### ***Historical transaction value***

The historic rent paid by Capital Group to Donghuan Xinrong under the lease agreements prior to the Lease Agreement for the year ended 31 December 2015 was approximately RMB10,154,765.

The proposed annual caps are determined on arm's length basis taking into account the prevailing market rent of comparable properties in the surrounding areas of Capital Building\* (首創大廈) and the locations within Capital Building\* (首創大廈) of the office units and car park spaces comprising the leased premises and the increase in rent in recent years for the commercial business areas of Beijing of similar nature as the surrounding areas of Capital Building\* (首創大廈).

In addition, the proposed annual caps are based on the assumption that the completion of the equity transfer of Donghuan Xinrong may occur between September 2016 and December 2016, and since the commencement date of the Lease Agreement is based on the completion of the equity transfer of Donghuan Xinrong, the proposed annual caps have been determined accordingly.

In the event that the equity transfer of Donghuan Xinrong does not proceed to completion for any reason and/or the Donghuan Equity Transfer Agreement is terminated prior to completion, the Lease Agreement shall lapse and have no effect to the parties thereunder.

### **REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND POTENTIAL CONTINUING CONNECTED TRANSACTIONS**

The Group is a leading large integrated real estate developer in the PRC, focusing primarily on developing the three main business streams of residential properties, outlets-backed integrated properties and urban core integrated complexes, complemented by innovative business areas such as primary land development and high-tech industry properties. The Acquisitions provide an opportunity for the Group to expand its property portfolio in major cities in the PRC, being in Beijing, Chongqing and Shenyang, and the Company expects that synergy benefits will be achieved by consolidation of the Group's resources in the relevant locations. In addition, the Group's acquisition of the property project involving primary land development (shantytown renovation) in Shijingshan District\* (石景山區) in Beijing may open up potential business opportunities to the Group via its cooperation with the local government. In addition, the transactions contemplated under the Lease Agreement will allow the Group to receive sustainable rental income at market rates for certain units in Capital Building\* (首創大廈).

The Directors (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreements and the potential Continuing Connected Transactions are fair and reasonable, are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole. Save for Mr. Wang Hao, Mr. Li Songping, Mr. Song Fengjing and Mr. Shen Jianping who have abstained from voting on the relevant Board resolution(s) for reasons of their directorships or senior management roles in Capital Group, to the best knowledge of the Company and having made all reasonable enquiries, no other Director is required to abstain from voting on the relevant Board resolution(s).

## **LISTING RULES IMPLICATIONS**

### *The Acquisitions*

As at the date of this announcement, Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure are subsidiaries of Capital Group, and Capital Group is the controlling shareholder of the Company and therefore, Capital Group, Capital Investment, Capital Fangzhou, Chuangzhi Trust and Xinwei Infrastructure are connected persons of the Company pursuant to the Listing Rules. Accordingly, the Acquisitions constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisitions is 25% or more but less than 100%, the Acquisitions constitute a major transaction for the Company under the Listing Rules and therefore will be subject to the annual reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### *The Lease Agreement*

Upon completion of the Acquisitions, the Target Companies will become wholly-owned subsidiaries of the Company and therefore, transactions between the Target Companies and Capital Group, the controlling shareholder of the Company and a connected person of the Company pursuant to the Listing Rules, will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement, which is subject to the completion of the equity transfer of Donghuan Xinrong, constitute potential continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Lease Agreement are less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Equity Transfer Agreements and the transactions contemplated thereunder. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreements and the transactions contemplated thereunder. Capital Group, being the controlling shareholder of the Company, its associates and any Shareholder who has a material interest in the Equity Transfer Agreements and the transactions contemplated thereunder, are required to abstain from voting at the EGM on the relevant resolution(s) in approving the Equity Transfer Agreements and the transactions contemplated thereunder.

Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that the circular containing, amongst other things, (i) further information on the Equity Transfer Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the Independent Shareholders regarding among others, the Equity Transfer Agreements and the transactions contemplated thereunder; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM, form of proxy and reply slip, will be despatched to the Shareholders on or around 24 June 2016, so as to allow sufficient time for the preparation of the information required to be included in the circular.

## **INFORMATION ON THE GROUP**

### **The Company and the Group**

The Company is a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2868). The Group is a leading large integrated real estate developer in the PRC, focusing primarily on developing the three main business streams of residential properties, outlets-backed integrated properties and urban core integrated complexes, complemented by innovative business areas such as primary land development and high-tech industry properties.

Xinli Yeda, a wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability, and is primarily engaged in investment holding.

Zhongzhi Dingfu, a wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability, and is primarily engaged in property development.

### **Capital Investment**

Capital Investment, a wholly-owned subsidiary of Capital Group, is a company established in the PRC with limited liability, and is primarily engaged in trading and investment.

### **Capital Fangzhou**

Capital Fangzhou, a subsidiary of Capital Group, is a company established in the PRC with limited liability, and is primarily engaged in investment holding.

### **Chuangzhi Trust**

Chuangzhi Trust, a subsidiary of Capital Group, is a limited partnership in the PRC, and is primarily engaged in investment holding.

### **Xinwei Infrastructure**

Xinwei Infrastructure, a subsidiary of Capital Group, is a company established in the PRC with limited liability, and is primarily engaged in investment holding.

## **INFORMATION ON THE TARGET COMPANIES**

### **Donghuan Xinrong**

Donghuan Xinrong is a company established in the PRC with limited liability and is primarily engaged in the property management and leasing of offices in Capital Building\* (首創大廈) located at No. 6 Chaoyangmenbei Street, Dongcheng District\* in Beijing (北京市東城區朝陽門北大街6號). As at the date of this announcement, Donghuan Xinrong is wholly-owned by Capital Group.

### **Liujin Zhiye**

Liujin Zhiye is a company established in the PRC with limited liability and is primarily engaged in property development, sale of commercial residential building, land development, information consultancy and property management, and in particular, the primary land development (shantytown renovation) of a property project located in Xihuang Village, Shijingshan District\* in Beijing (北京市石景山西黃村). As at the date of this announcement, Liujin Zhiye is owned by Capital Investment and Zhongzhi Dingfu as to 60% and 40%, respectively.

### **Chongqing Runzhi**

Chongqing Runzhi is a company established in the PRC with limited liability and is primarily engaged in the development of the Yuyue Project\* (渝閱項目), a residential and commercial property project located in Jinma Village, Zouma Town, Jiulongpo District\* in Chongqing (重慶市九龍坡區走馬鎮金馬村). As at the date of this announcement, Donghuan Xinrong is owned by Chuangzhi Trust and Xinwei Infrastructure as to 99.98% and 0.02%, respectively.

## Shenyang Haohua

Shenyang Haohua is a company established in the PRC with limited liability and is primarily engaged in the development of the Legendary Bay Project\* (首創•琥珀灣項目), a residential and commercial property project located in Gaokan Subdistrict, Shenyang Qipanshan Tourism Development Zone\* in Shenyang (瀋陽市棋盤山旅遊開發區高坎街道). As at the date of this announcement, Shenyang Haohua is wholly-owned by Capital Investment.

## Financial information of the Target Companies

The respective net profit/(loss) before taxation and net profit/(loss) after taxation of the Target Companies for the years ended 31 December 2014 and 2015 are set out below:

	For the year ended 31 December 2014		For the year ended 31 December 2015	
	Net profit/ (loss) before taxation <i>RMB'000</i>	Net profit/ (loss) after taxation <i>RMB'000</i>	Net profit/ (loss) before taxation <i>RMB'000</i>	Net profit/ (loss) after taxation <i>RMB'000</i>
Donghuan Xinrong	172,697	129,072	126,023	94,416
Liu jin Zhiye	23,625	17,719	17,503	13,120
Chongqing Runzhi	(83,478)	(83,478)	(75,420)	(75,420)
Shenyang Haohua	(49,648)	(49,648)	(38,576)	(38,576)

The respective net assets/(net liabilities) of the Target Companies as at 31 December 2014 and 2015 are set out below:

	As at 31 December 2014 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
	Donghuan Xinrong	894,927
Liu jin Zhiye	793,263	1,726,383
Chongqing Runzhi	(257,329)	251
Shenyang Haohua	(286,153)	271

## WARNING

The transactions contemplated under the Equity Transfer Agreements are separately subject to the approval of the Independent Shareholders at the EGM and in addition, the Acquisitions and the potential Continuing Connected Transactions are subject to, among others, the satisfaction of the conditions precedent and other requirements pursuant to the Equity Transfer Agreements and Lease Agreement, respectively. Therefore, the respective transactions contemplated under the Equity Transfer Agreements and the Lease Agreement may or may not proceed to completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the H Shares and other securities of the Company.

## DEFINITIONS

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

“Acquisitions”	the acquisitions of equity interests pursuant to the Equity Transfer Agreements
“Board”	the board of Directors
“Capital Fangzhou”	Beijing Capital Fangzhou Real Estate Company Limited* (北京首創方舟置業有限公司), a company established in the PRC with limited liability and a connected person of the Company
“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, the controlling shareholder of the Company and a connected person of the Company
“Capital Investment”	Beijing Capital Investment Development Limited* (首創投資發展有限公司), a company established in the PRC with limited liability and a connected person of the Company
“Chongqing Equity Transfer Agreement”	the equity transfer agreement in relation to Chongqing Runzhi entered into among Chuangzhi Trust, Xinwei Infrastructure and Xinli Yeda on 3 June 2016
“Chongqing Runzhi”	Chongqing Runzhi Construction Development Limited* (重慶潤智建設開發有限公司), a company established in the PRC with limited liability

“Chuangzhi Trust”	Beijing Chuangzhi Trust Finance Investment Centre (Limited Partnership)* (北京創智信融投資中心(有限合夥)), a limited partnership established in the PRC and a connected person of the Company
“Company”	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 and whose H shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“connected transaction(s)”	has the meaning ascribed to such term in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Lease Agreement including the proposed annual caps thereunder which are subject to the announcement, reporting and annual review requirements under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Donghuan Equity Transfer Agreement”	the equity transfer agreement in relation to Donghuan Xinrong entered into between Capital Group and the Company on 3 June 2016
“Donghuan Xinrong”	Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司), a company established in the PRC with limited liability
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreements and the transactions contemplated thereunder
“Equity Transfer Agreements”	the Donghuan Equity Transfer Agreement, the Liujin Equity Transfer Agreement, the Chongqing Equity Transfer Agreement and the Shenyang Equity Transfer Agreement
“GFA”	gross floor area

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John established to advise the Independent Shareholders on the Equity Transfer Agreements and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s), other than (i) Capital Group and its associates and (ii) those who have a material interest in the Equity Transfer Agreements and the transactions contemplated thereunder
“Lease Agreement”	the lease agreement in relation to certain units in Capital Building* (首創大廈) entered into between Donghuan Xinrong and Capital Group on 3 June 2016, which is subject to the completion of the equity transfer of Donghuan Xinrong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“Liujin Equity Transfer Agreement”	the equity transfer agreement in relation to Liujin Zhiye entered into between Capital Investment and Zhongzhi Dingfu on 3 June 2016
“Liujin Zhiye”	Beijing Liujin Zhiye Land Limited Liability Company* (北京鑾金置業有限責任公司), a company established in the PRC with limited liability
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會)
“Shareholder(s)”	the shareholder(s) of the Company

“Shenyang Equity Transfer Agreement”	the equity transfer agreement in relation to Shenyang Haohua entered into among Capital Investment, Xinli Yeda, Capital Group and Capital Fangzhou on 3 June 2016
“Shenyang Haohua”	Shenyang Haohua Land Limited* (瀋陽昊華置業有限公司), a company established in the PRC with limited liability
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Donghuan Xinrong, Liu jin Zhiye, Chongqing Runzhi and Shenyang Haohua, each referred to as a “Target Company”
“Xinli Yeda”	Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Xinwei Infrastructure”	Beijing Xinwei Infrastructure Investment Limited* (北京信威基礎設施投資有限公司), a company established in the PRC with limited liability and a connected person of the Company
“Zhongzhi Dingfu”	Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“%”	per cent.

\* The English name is a translation of its Chinese name and is included for identification purposes only.

By Order of the Board  
**Beijing Capital Land Ltd.**  
**Lee Sze Wai**  
Company Secretary

Hong Kong, 3 June 2016

*The Board as of the date of this announcement comprises Mr. Wang Hao (Chairman) and Mr. Tang Jun (President) who are the Executive Directors, Mr. Li Songping, Mr. Song Fengjing, Mr. Shen Jianping and Ms. Sun Baojie who are the Non-Executive Directors, Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John who are the Independent Non-Executive Directors.*