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**首創置業股份有限公司**  
**BEIJING CAPITAL LAND LTD.**

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

**DISCLOSEABLE AND  
CONTINUING CONNECTED TRANSACTIONS  
RELATING TO THE SUPPLEMENTAL AGREEMENT**

**SUMMARY**

Reference is made to the announcement of the Company dated 10 February 2017 in relation to the Asset Management Agreement. The Board is pleased to announce that on 20 February 2017, the Company, Capital Securities and the Custodian Bank entered into the Supplemental Agreement, pursuant to which (a) subject to approval by the Independent Shareholders at the EGM, the maximum amount of the Entrusted Assets shall be increased to not more than RMB2,000,000,000; (b) the term of the Asset Management Agreement shall be three years commencing from 16 February 2017; and (c) save and except for (a) and (b) aforesaid, the other terms and conditions of the Asset Management Agreement shall continue to be in full force and effect. The Supplemental Agreement is subject to the approval of the Independent Shareholders at the EGM.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Securities is a subsidiary of Capital Group, the controlling shareholder of the Company, and therefore is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) are more than 5%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but are all less than 25%, the Transaction also constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

### **GENERAL INFORMATION**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and its proposed Annual Caps. Capital Group, being the controlling shareholder of the Company, its associates and any Shareholder who has a material interest in the Supplemental Agreement and the transactions contemplated thereunder, are required to abstain from voting at the EGM on the relevant resolutions in approving the Supplemental Agreement and its proposed Annual Caps.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Supplemental Agreement and its proposed Annual Caps and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement and its proposed Annual Caps.

A circular containing, among other things, (i) further details of the Supplemental Agreement, (ii) a letter of recommendation from the Independent Board Committee, (iii) a letter of advice from the independent financial adviser appointed by the Company; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 13 March 2017.

Reference is made to the announcement of the Company dated 10 February 2017 in relation to the Asset Management Agreement.

### **THE SUPPLEMENTAL AGREEMENT**

#### **Date**

20 February 2017

#### **Parties**

- (a) the Company;
- (b) Capital Securities (as manager); and
- (c) the Custodian Bank (as trustee).

### **The Entrusted Assets**

Subject to approval by the Independent Shareholders at the EGM, the maximum amount of the Entrusted Assets shall be increased to not more than RMB2,000,000,000.

### **Term**

The term of the Asset Management Agreement shall be three years commencing from 16 February 2017. The term of the Supplemental Agreement shall commence on the date of signing and end on 15 February 2020.

### **Conditions precedent**

The Supplemental Agreement is subject to the approval of the Independent Shareholders at the EGM to be obtained before 30 June 2017. For avoidance of doubt, if the Supplemental Agreement is not approved by the Independent Shareholders at the EGM before 30 June 2017, the Supplemental Agreement shall immediately terminate and the Asset Management Agreement shall continue to be in full force and effect in accordance with its original terms.

### **Other terms and conditions**

Save and except for the amendments in relation to the Entrusted Assets and the term aforesaid, the other terms and conditions of the Asset Management Agreement shall continue to be in full force and effect.

The major terms and conditions of the Asset Management Agreement have been replicated below for reference only:

#### *(a) Asset Management and Investment Services*

Capital Securities shall provide asset management and investment services in respect of the Entrusted Assets in accordance with the investment policies under the Asset Management Agreement, which includes short-term investment in cash and cash equivalent products and/or fixed income products such as bonds, notes and asset-backed securities, which can be redeemed or reinvested anytime. The investment ratio of all investment activities shall not exceed 100% of the Entrusted Assets. Capital Securities shall also be responsible for (a) the calculation, audit and monthly valuation of the net asset value of the Entrusted Assets; and (b) the clearing and settlement of the Entrusted Assets in all stock exchanges.

*(b) Restrictions on investment activities*

The investment of the Entrusted Assets is subjected to certain restrictions, including but not limited to:

- (i) Capital Securities shall obtain written approval from the Company prior to investment in any securities issued by Capital Securities or its associates;
- (ii) credit rating of each short-term bond to be purchased should be a-1 or above;
- (iii) credit rating of each corporate bond and/or medium-term note to be purchased should be AA or above; and
- (iv) the investment activities carried out by Capital Securities shall comply with all applicable laws and regulations or any other restriction(s) from the relevant government authorities or bodies.

*(c) Asset Custody Services*

The Company will deposit the Entrusted Assets in a designated custodian account in the Custodian Bank, and the Custodian Bank shall provide asset custody services to the Company and Capital Securities in respect of the Entrusted Assets and arrange payment in accordance with the terms and conditions under the Asset Management Agreement from time to time.

*(d) Charges*

Subject to the Annual Caps, the Company will pay, on an annual basis and upon the termination of the Asset Management Agreement, the Performance Fee to Capital Securities based on 30% of the aggregate amount of the investment return(s) exceeding the annual benchmark return of 3.8% (if any). For the avoidance of doubt, the Company is not required to pay any performance fee for the respective year or period to Capital Securities if the investment return is below or equal to the benchmark return of 3.8% annually.

The Custodian Bank will charge a custodian fee, on an annual basis and upon the termination of the Asset Management Agreement, in respect of the Entrusted Assets under its custody based on 0.04% per annum of the net asset value of the Entrusted Assets on the day prior to the payment of the custodian fee.

*(e) Termination*

The Asset Management Agreement may be terminated under the following circumstances:

- (i) the Asset Management Agreement not having been renewed by all the contractual parties upon its expiry;

- (ii) by the consent of all the contractual parties;
- (iii) the cancellation of the relevant qualification of Capital Securities for carrying out investment and management activities;
- (iv) Capital Securities having been dissolved, revoked or declared bankrupt by law;
- (v) the cancellation of the relevant qualification of the Custodian Bank for providing asset custody services;
- (vi) the Custodian Bank having been dissolved, revoked or declared bankrupt by law;
- (vii) the Company's securities account(s), custodian account(s), management account(s) or any other investment account(s) under the Asset Management Agreement having been seized or frozen by the relevant authorities;
- (viii) the Company having set up any kind of guarantee or other forms of restrictions of rights for the Company's securities account(s), custodian account(s), management account(s) or any other investment account(s) under the Asset Management Agreement; or
- (ix) any other circumstances as required by applicable laws and regulations.

Upon termination of the Asset Management Agreement, the Entrusted Assets in all investment accounts shall be cleared and settled. The remaining investment amount deposited in all investment account(s) in Capital Securities and/or any other third parties shall be deposited in the Company's custodian account in the Custodian Bank. The Custodian Bank shall then return the amount to the Company upon the settlement of all liabilities in relation to the investment activities of the Entrusted Assets.

For details of the Asset Management Agreement, please refer to the announcement of the Company dated 10 February 2017.

## PROPOSED ANNUAL CAPS AND BASIS

Pursuant to the Supplemental Agreement, the maximum daily balance managed by Capital Securities (including any accrued investment returns), being the annual caps for the Entrusted Assets, and the annual caps for the Performance Fee payable by the Company to Capital Securities are as follows:

	<b>Maximum daily balance of the Entrusted Assets</b>	<b>Maximum Performance Fee payable</b>
Period from 20 February 2017 to 31 December 2017	RMB2,000,000,000	RMB32,105,000
Year ended 31 December 2018	RMB2,000,000,000	RMB37,200,000
Year ended 31 December 2019	RMB2,000,000,000	RMB37,200,000
Period from 1 January 2020 to 15 February 2020	RMB2,000,000,000	RMB4,689,000

In determining the proposed Annual Caps, the Company has taken into account the following factors:

- (a) the level of idle cash of the Company;
- (b) the projected investment return of the Entrusted Assets compared with the amount of return that could otherwise be obtained by other means of investment;
- (c) the expected investment return of the Entrusted Assets, which is expected to be no more than 10% annually;
- (d) the amount of performance fees (including the benchmark of investment return of the Entrusted Assets) to Capital Securities compared with such fees that could otherwise be charged by independent securities companies for asset management and investment services of similar nature and amount; and
- (e) the benefit to the Group and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT**

The Company intends to manage the Company's idle cash effectively without affecting the Company's operating cash flow. By entering into the Supplemental Agreement, the Company is able to leverage on Capital Securities' depth of experience in asset investments and its expertise in customising investment strategies for clients based on their needs and risk appetites, and to reap higher returns from cash and liquidity management for the Company. The Entrusted Assets will be invested in investment products which are relatively low risk as they involve the businesses of stock exchanges, banks and financial companies with steady income, comprise of quality standardised bonds with secured assets and the trading partners of which are securities companies, banks, etc. with established credibility and better assurance and protection. Further, the Performance Fee provides an incentive and motivation for Capital securities to reap higher cash management income for the Company, thus beneficial to the Company and the Shareholders as a whole.

### **Internal control measures**

The Company has internal control measures to ensure that the continuing connected transactions contemplated under the Supplemental Agreement are in accordance with the investment policies and the terms and conditions of the agreement, and that the terms and conditions of the Supplemental Agreement are on normal commercial terms and terms no less favourable than those terms offered to the Group by independent third parties for similar services. The independent non-executive Directors will, and the Company will engage its external auditors to, conduct annual review of the continuing connected transactions in accordance with the Listing Rules requirements.

The Directors (excluding the independent non-executive Directors who will express their opinion in the circular to the Shareholders) are of the view that the Supplemental Agreement and the transactions contemplated thereunder (including the proposed Annual Caps) are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Save for Mr. Li Songping, Ms. Sun Baojie, Mr. Sun Shaolin, Mr. Su Jian and Mr. Yang Weibin who have abstained from voting on the relevant Board resolution(s), if applicable, 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**

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As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but are all less than 25%, the Transaction also constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION ON THE PARTIES**

### **The Company**

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 large property developer in the PRC, focusing primarily on developing residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development as its core business lines.

### **Capital Securities**

Capital Securities is a company established in the PRC with limited liability and a subsidiary of Capital Group, and is primarily engaged in the businesses of securities broking, investment banking and investment management.

### **The Custodian Bank**

The Custodian Bank is a company incorporated in the PRC with limited liability. It is principally engaged in the provision of banking and related financial services, with principal businesses in the areas of corporate banking, retail banking and treasury operations. Its treasury operations include, among others, interbank money market transactions, foreign exchange trading and government and bond trading and investment. To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the Custodian Bank and its beneficial owner(s) are third parties independent of the Company and its connected persons.





“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 Securities”	Capital Securities Co., Ltd.* (首創證券有限責任公司), a company established in the PRC with limited liability and a subsidiary of Capital Group
“Company”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under in the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange
“Custodian Bank”	Bank of Communications Corporation Limited (Beijing Branch) (交通銀行股份有限公司北京市分行)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and its proposed Annual Caps
“Entrusted Assets”	the cash amount to be deposited in the Company’s custodian account in the Custodian Bank, which is an amount up to not more than RMB2,000,000,000 pursuant to the Supplemental Agreement
“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 Supplemental Agreement and its proposed Annual Caps

“Independent Shareholder(s)”	the Shareholder(s), other than (i) Capital Group and its associates and (ii) those who have a material interest in the Supplemental Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“Performance Fee(s)”	the performance fee(s) (if any) payable by the Company to Capital Securities pursuant to the Asset Management Agreement
“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
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Asset Management Agreement dated 20 February 2017 entered into between the Company, Capital Securities and the Custodian Bank
“Transaction”	the provision of asset management and investment services in respect of the Entrusted Assets to the Company pursuant to the Supplemental Agreement
“%”	per cent.

*In this announcement, unless the context requires otherwise, the terms “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio” 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 Land Ltd.**  
**Lee Sze Wai**  
*Company Secretary*

Hong Kong, 20 February 2017

*The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Tang Jun (President) who is the executive Director, Ms. Sun Baojie, Mr. Sun Shaolin, Mr. Su Jian and Mr. Yang Weibin who are the non-executive Directors, and Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John who are the independent non-executive Directors.*