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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 TRANSACTION ASSET MANAGEMENT AGREEMENT

The Board is pleased to announce that on 19 December 2017, the Company, First Capital (as manager) and the Custodian Bank (as custodian trustee) entered into the Asset Management Agreement, pursuant to which, among others, the Company agreed to entrust First Capital with the management of the Entrusted Assets up to RMB2,000 million for a term of three years commencing from the Initial Date, subject to extension by the parties.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 5% but below 25%, the entering into the Asset Management Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 December 2017, the Company, First Capital (as manager) and the Custodian Bank (as custodian trustee) entered into the Asset Management Agreement, pursuant to which, among others, the Company agreed to entrust First Capital with the management of the Entrusted Assets up to RMB2,000 million for a term of three years commencing from the Initial Date, subject to extension by the parties.

Major terms of the Asset Management Agreement have been set out below.

THE ASSET MANAGEMENT AGREEMENT

Date

19 December 2017

Parties

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

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, First Capital and the Custodian Bank and their respective ultimate beneficial owners are Independent Third Parties.

Asset Management and Investment Services

Pursuant to the Asset Management Agreement, First Capital 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 the 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 during the term of and in accordance with the Asset Management Agreement. The investment ratio of all investment activities shall not exceed 100% of the Total Asset Value and there is no guaranteed return on the Entrusted Assets. First Capital shall also be responsible for the book keeping of the Entrusted Assets and valuation of the Entrusted Assets at the end of each Trading Day.

Restrictions on investment activities

Pursuant to the Asset Management Agreement, the investment of the Entrusted Assets is subjected to certain restrictions, including but not limited to:

- (a) issuer rating of each long-term bond to be purchased should be AA grade or above, sovereign debt rating of short-term financing bond should be AA grade or above, the debt rating should be A-1 grade and sovereign debt rating of ultra short-term financing bond should be AA grade or above;
- (b) investments in private bonds of medium and small enterprises are not permitted; and
- (c) the repurchase amount of bond(s) shall not exceed 100% of its net asset value.

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 First Capital 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. The Custodian Bank should review the valuation of the Entrusted Assets at the end of each Trading Day.

Charges

Pursuant to the Asset Management Agreement, the Company will pay to First Capital (a) the management fee at 0.2% per annum based on the net asset value of the Entrusted Assets, to be accrued on a daily basis and paid on a quarterly basis; and (b) the performance fee based on 40% of the aggregate amount of the investment return(s) exceeding the annual benchmark return of 5.5% (if any). For the avoidance of doubt, the Company is not required to pay any performance fee for the respective year or period to First Capital if the investment return is below or equal to the benchmark return of 5.5% annually.

The Custodian Bank will charge a custodian fee at 0.03% per annum based on the net asset value of the Entrusted Assets, to be accrued on a daily basis and paid on a quarterly basis.

Term

The Asset Management Agreement shall be for a term of three years commencing from the Initial Date, which is renewable upon the consent of all contractual parties.

Termination

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

- (a) the Asset Management Agreement not having been renewed by all the contractual parties upon its expiry;
- (b) by the consent of all the contractual parties;
- (c) First Capital having been dissolved, revoked or declared bankrupt by law;
- (d) the Custodian Bank having been dissolved, revoked or declared bankrupt by law;
- (e) the product regulatory filing in relation to the Asset Management Agreement having not been submitted to the Asset Management Association of China (中國證券投資基金業協會) or the relevant regulatory confirmation not having been obtained;
- (f) the applicable regulatory policy or regulations having been changed such that the activities under the Asset Management Agreement are no longer compliant with applicable regulations in the PRC or the relevant regulatory body having notified First Capital to suspend the activities under the Asset Management Agreement, in which case First Capital may terminate the Asset Management Agreement accordingly; or
- (g) 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 First Capital 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 costs, expenses and liabilities in relation to the investment activities of the Entrusted Assets.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET MANAGEMENT AGREEMENT

The Company intends to effectively manage the Company's cash from surplus capital from time to time without affecting the Company's operating cash flow. By entering into the Asset Management Agreement, the Company is able to leverage on the depth of experience in assets management and expertise in customising cash management strategies of First Capital, a reputable investment bank listed on the Shenzhen Stock Exchange, to reap higher returns from cash and liquidity management for the Company. Further, the performance fee to First Capital provides an incentive and motivation to reap higher returns on cash management for the Company, thus beneficial to the Company and Shareholders as a whole.

The Board (including the independent non-executive Directors) believes that the terms of the Asset Management Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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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 on the Main Board of the Stock Exchange (Stock Code: 2868). The Group is a leading large integrated real stated developer in the PRC, focusing primarily on developing the four main business streams of residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development complemented by innovative business areas such as high-tech industry properties.

First Capital

First Capital is a company incorporated under the laws of the PRC with limited liability and is principally engaged in securities, investment and asset management in the PRC. The controlling shareholder of the Company, Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), owns approximately 13.27% equity interest in First Capital.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, First Capital and its ultimate beneficial owners are Independent Third Parties.

The Custodian Bank

The Custodian Bank is a company incorporated under the laws of the PRC with limited liability and is principally engaged in retail and commercial banking.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Custodian Bank and its ultimate beneficial owners are Independent Third Parties.

DEFINITIONS

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

“Asset Management Agreement”	the asset management agreement dated 19 December 2017 entered into between the Company, First Capital and the Custodian Bank in relation to, among others, the provision of asset management and investment services by First Capital to the Company
“Board”	the board of Directors
“Company”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the main board of the Hong Kong Stock Exchange
“Custodian Bank”	Industrial Bank Co., Ltd.* (興業銀行股份有限公司)
“Director(s)”	the director(s) of the Company
“Entrusted Assets”	the cash amount up to RMB2,000 million to be deposited in the Company's custodian account in the Custodian Bank pursuant to the Asset Management Agreement
“First Capital”	First Capital Securities Co., Ltd.* (第一創業證券股份有限公司)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who are independent from the Company and the connected persons of the Company

“Initial Date”	the date of the initial Entrusted Assets being deposited pursuant to the Asset Management Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Asset Value”	the total value of the securities, bank deposits, receivables and other assets invested pursuant to the investment policies under the Asset Management Agreement
“Trading Day”	a day on which the Shanghai Stock Exchange and the Shenzhen Stock Exchange is open for trading
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “connected person(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, 19 December 2017

The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is Non-Executive Director, Mr. Tang Jun (President) and Mr. Li Xiaobin who are Executive Directors, Mr. Su Zhaohui, Mr. Sun Shaolin and Mr. Su Jian who are Non-Executive Directors, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are Independent Non-Executive Directors.