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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)

CONNECTED TRANSACTION ACQUISITION OF 30% EQUITY INTEREST AND LOANS IN THE PROJECT COMPANY

The Board is pleased to announce that on 28 December 2018, Chongqing Xinshi (a wholly-owned subsidiary of the Company), Capital Investment and the Project Company entered into the Acquisition Agreement, pursuant to which, amongst others, Chongqing Xinshi will acquire (i) the 30% equity interest held by Capital Investment in the Project Company at a consideration of RMB103,700, which is subject to SASAC final approval; and (ii) the loans owed by the Project Company to Capital Investment at the carrying amount of RMB69,577,448.66 in aggregate. Further, Chongqing Xinshi will provide the Project Company with additional loans of no more than RMB73,000,000 in aggregate at the interest rate of 10% per annum for funding the development of the Site. Following the Completion of the Equity Transfer, Chongqing Xinshi will directly hold 30% equity interest in the Project Company, which is principally engaged in the development and sales of the Site.

In addition, Chongqing Xinshi, Capital Asset and the Project Company entered into the Assignment Agreement on 28 December 2018, pursuant to which, amongst others, Capital Asset will assign to Chongqing Xinshi the loans owed by the Project Company to Capital Asset at the carrying amount of RMB25,116,620 in aggregate. Upon completion of assignment of such loans, the interest payable by the Project Company to Chongqing Xinshi will be based on the interest rate of 10% per annum.

Each of Capital Asset and Capital Investment is a subsidiary of Capital Group, which is the controlling shareholder of the Company as at the date of this announcement. Hence, pursuant to the Listing Rules, Capital Group, Capital Asset and Capital Investment are connected persons of the Company. The transactions contemplated under the Acquisition Agreement and the Assignment Agreement constitute connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the Transactions are subject to the disclosure requirement, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 December 2018, Chongqing Xinshi (a wholly-owned subsidiary of the Company), Capital Investment and the Project Company entered into the Acquisition Agreement, pursuant to which, amongst others, Chongqing Xinshi will acquire (i) the 30% equity interest held by Capital Investment in the Project Company at a consideration of RMB103,700, which is subject to SASAC final approval; and (ii) the loans owed by the Project Company to Capital Investment at the carrying amount of RMB69,577,448.66 in aggregate. Further, Chongqing Xinshi will provide the Project Company with additional loans of no more than RMB73,000,000 in aggregate at the interest rate of 10% per annum for funding the development of the Site. Following the Completion of the Equity Transfer, Chongqing Xinshi will directly hold 30% equity interest in the Project Company, which is principally engaged in the development and sales of the Site.

In addition, Chongqing Xinshi, Capital Asset and the Project Company entered into the Assignment Agreement on 28 December 2018, pursuant to which, amongst others, Capital Asset will assign to Chongqing Xinshi the loans owed by the Project Company to Capital Asset at the carrying amount of RMB25,116,620 in aggregate. Upon completion of assignment of such loans, the interest payable by the Project Company to Chongqing Xinshi will be based on the interest rate of 10% per annum.

The principal terms of the Acquisition Agreement and the Assignment Agreement are set out below.

THE ACQUISITION AGREEMENT

Date: 28 December 2018

Parties: (i) Capital Investment (as the vendor);
(ii) Chongqing Xinshi (as the purchaser); and
(iii) the Project Company.

The Project Company is a company incorporated under the laws of the PRC with limited liability and as at the date of the announcement, the registered capital of the Project Company is RMB10,000,000, which is owned as to 70% and 30% by BAIC BluePark and Capital Investment, respectively. Pursuant to the Acquisition Agreement, Chongqing Xinshi will acquire (i) the 30% equity interest in the Project Company held by Capital Investment at a consideration of RMB103,700, which is subject to SASAC final approval; and (ii) the loans owed by Capital Investment to the Project Company at the carrying amount of RMB69,577,448.66 in aggregate. The Company expects that the final consideration in respect of the Equity Transfer will be no more than RMB300,000 upon SASAC final approval and if such final consideration exceeds RMB300,000, the Company will make further announcement in compliance with the Listing Rules as and when appropriate in a timely manner.

Chongqing Xinshi shall (i) pay the consideration for the 30% equity interest in the Project Company within 7 days upon Completion of the Equity Transfer; and (ii) pay RMB35,000,000 to Capital Investment in respect of the loans within 7 days upon signing the Acquisition Agreement and pay the remaining balance in respect of the loans to Capital Investment within 7 days upon the Completion of the Equity Transfer.

Further, Chongqing Xinshi will provide the Project Company with additional loans of no more than RMB73,000,000 in aggregate at the interest rate of 10% per annum for funding the development of the Site. If the registration and filing with the relevant authorities in relation to the Equity Transfer has not been completed within 180 days upon the signing of the Acquisition Agreement which is not due to the fault of Chongqing Xinshi, Chongqing Xinshi may terminate the Acquisition Agreement and the Project Company shall return the entire loan principal provided by Chongqing Xinshi and the relevant interest payable to Chongqing Xinshi within 10 days after the termination of the Acquisition Agreement.

The Company will use its internal resources to finance the capital commitment to the Project Company pursuant to the Acquisition Agreement.

THE ASSIGNMENT AGREEMENT

Date: 28 December 2018

Parties: (i) Capital Asset (as the assignor);
(ii) Chongqing Xinshi (as the assignee); and
(iii) the Project Company.

Capital Asset will assign to Chongqing Xinshi the loans owed by the Project Company to Capital Asset at the carrying amount of RMB25,116,620 in aggregate. Upon completion of assignment of such loans, the interest payable by the Project Company to Chongqing Xinshi will be based on the interest rate of 10% per annum.

Chongqing Xinshi shall make a lump-sum payment of RMB25,116,620 to Capital Asset within 7 business days of the Assignment Agreement and the Acquisition Agreement.

The Company will use its internal resources to finance the capital commitment to the Project Company pursuant to the Assignment Agreement.

BASIS OF CONSIDERATION

The total commitment of the Company pursuant to the Acquisition Agreement and the Assignment Agreement will be no more than RMB167,994,069. The consideration was determined after arm's length negotiations on normal commercial terms between the parties with reference to, amongst others, (a) the valuation of the entire equity interest of the Project Company conducted by an independent valuer Beijing Guorongxinhua Assets Appraisal Co., Ltd. as at 31 May 2018 of RMB345,600 based on asset approach and in proportion to the equity interest held by Capital Investment; (b) the total shareholder loans owed by the Project Company to Capital Investment and Capital Asset; and (c) the capital needs for the development of the Site.

PROFIT SHARING

Any profit or loss of the Project Company will be shared by Chongqing Xinshi on a pro-rata basis in accordance with its 30% equity interest in the Project Company.

Upon the Completion of the Equity Transfer, the Company will, through Chongqing Xinshi, indirectly hold 30% equity interest in the Project Company and the Project Company will not be accounted for as a subsidiary of the Company and therefore will not be consolidated into the consolidated financial statements of the Company.

THE SITE

As at the date of this announcement, the Project Company holds the interests in Shifangjie project in Yubei District of Chongqing (重慶渝北區十分界項目) and the Xipeng Project Jiulongpo District of Chongqing (重慶九龍坡區西彭項目), of which the sales of Shifangjie project have been completed and all profits have been recognized, and Xipeng Project is under development and construction. The permit for construction works at the Site for Xipeng Project was obtained in April 2018, with the construction works for the first phase of the project commenced in June 2018.

Details of the Site of the Xipeng Project are set forth below:

Location:	Xipeng Town, Jiulongpo District, Chongqing, which was 30 kilometres away from Yangjiaping in downtown Jiulongpo District and connected to the main urban area of Chongqing through Chengdu-Chongqing Expressway
Land Area:	67,855 square metres
Nature of the Land Use Rights:	Residential and commercial
Terms of the Land Use Rights:	70 years for residential purpose and 40 years for commercial purpose

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT AND ASSIGNMENT AGREEMENT

The Company is a leading large integrated real estate 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 and cultural and creative industries. Chongqing is one of the strategic regions for the Company, which through the Transactions will further expand its investment scale in Chongqing. Jiulongpo District (九龍坡區) is one of the main urban areas of Chongqing and also belongs to the core area of Chongqing's urban function, which has strong development of high-tech industries with active innovation, and the industrial population is concentrated. Equity transfer not only enable the Company to enhance its investment position in Chongqing, but also lay the foundation for further development in Jiulongpo District by launching our first project in this area.

The Board (including the independent non-executive Directors) considers that the entering into of the Acquisition Agreement and the Assignment Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair, reasonable and on normal commercial terms in the usual course of business of the Company. None of the Directors had a material interest in the Transactions and was required to abstain from voting on the relevant Board resolutions. However, as the directors or management of Capital Group, certain Directors (namely, Mr. Li Songping and Mr. Su Jian) have nevertheless abstained from voting on the Board resolution(s) in relation to the Transactions.

INFORMATION ON THE COMPANY AND CHONGQING XINSHI

The Company

The Company is a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the main board of the Stock Exchange (stock code: 2868). The Company is a leading large integrated real estate 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 and cultural and creative industries.

Chongqing Xinshi

Chongqing Xinshi, a wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability and principally engaged in property investment and development.

INFORMATION ON THE PROJECT COMPANY AND THE PARTIES

The Project Company

The Project Company is a company established in the PRC with limited liability and currently engaged in the development and sales of the Site. As at the date of this announcement, the Project Company is owned as to 70% and 30% by BAIC BluePark and Capital Investment, respectively. The initial investment cost in the Project Company by Capital Investment was RMB3,000,000.

For the year ended 31 December 2017 and the five months ended 31 May 2018, the audited loss before tax and after tax of the Project Company is as follows:

	Year ended 31 December 2017 (RMB)	1 January 2018 to 31 May 2018 (RMB)
Loss before tax	9,171,944.24	5,770,355.28
Loss after tax	9,093,671.21	5,731,628.36

As at 31 May 2018, the audited net liabilities of the Project Company amounted to approximately RMB17,191,776.44 and the valuation of the entire equity interest of the Project Company conducted by an independent valuer as at 31 May 2018 was RMB345,600.

Capital Group

Capital Group is a state-owned enterprise incorporated in the PRC and directly regulated by the Beijing Municipal Government. As at the date of this announcement, it is the controlling shareholder and a connected person of the Company.

Capital Asset

Capital Asset, a wholly-owned subsidiary of Capital Group, is a company incorporated under the laws of the PRC with limited liability and principally engaged in project investment management and consultation.

Capital Investment

Capital Investment, a wholly-owned subsidiary of Capital Group, is a company incorporated under the laws of the PRC with limited liability and principally engaged in real estate trading and development and commodity sales.

LISTING RULES IMPLICATIONS

Each of Capital Asset and Capital Investment is a subsidiary of Capital Group, which is the controlling shareholder of the Company as at the date of this announcement. Hence, pursuant to the Listing Rules, Capital Group, Capital Asset and Capital Investment are connected persons of the Company. The transactions contemplated under the Acquisition Agreement and the Assignment Agreement constitute connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the Transactions are subject to the disclosure requirement, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless otherwise defined:

“Acquisition Agreement”	the acquisition agreement entered into among the Project Company, Capital Investment and Chongqing Xinshi on 28 December 2018, in relation to the acquisition of 30% equity interest held by Capital Investment in the Project Company and the loans owed by the Project Company to Capital Investment, and the provision of additional loans of no more than RMB73,000,000 in aggregate to the Project Company by Chongqing Xinshi
“Assignment Agreement”	the assignment agreement entered into among the Project Company, Capital Asset and Chongqing Xinshi on 28 December 2018, in relation to the assignment from Capital Asset to Chongqing Xinshi of the loans owed by the Project Company to Capital Asset
“BAIC BluePark”	BAIC BluePark New Energy Technology Co., Ltd* (北汽藍谷新能源科技股份有限公司), a company incorporated under the laws of the PRC which shares are listed on Shanghai Stock Exchange (Stock Code: 600733), and an independent third party of the Company and its connected persons
“Board”	the board of directors of the Company
“Capital Asset”	Beijing Capital Asset Management Co., Ltd.* (北京首創資產管理有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Capital Group
“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 Beijing Municipal Government, the controlling shareholder and a connected person of the Company as at the date of this announcement
“Capital Investment”	Beijing Capital Investment Development Limited* (首創投資發展有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Capital Group

“Chongqing Xinshi”	Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary 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 on the main board of the Stock Exchange (stock code: 2868)
“Completion of the Equity Transfer”	the completion of industrial and commercial filing in respect of the Equity Transfer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of the 30% equity interest in the Project Company by Capital Investment to Chongqing Xinshi pursuant to the Acquisition Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Company”	Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司), a company incorporated under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of People’s Government of the Beijing Municipality
“Shareholders”	shareholders of the Company

“Site”	the land parcel located at Xipeng Town, Jiulongpo District, Chongqing, which was 30 kilometres away from Yangjiaping in downtown Jiulongpo District
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Acquisition Agreement and the Assignment Agreement

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

Hong Kong, 28 December 2018

The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Zhong Beichen (President), Mr. Li Xiaobin, Mr. Hu Weimin and Mr. Fan Shubin who are the executive Directors, Mr. Su Jian who is the non-executive Director, Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.

The English name of Chinese entity marked with “” is translation of its Chinese name, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*