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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)

**POTENTIAL MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 50% EQUITY INTERESTS
IN TIANCHENG YONGYUAN THROUGH PUBLIC TENDER**

Potential Disposal of 50% Equity Interests in Tiancheng Yongyuan

The Board announced that the Company proposed to dispose of 50% interests in the Target Company held by the Company by means of equity transfer through public tender in CBEX. The Tender Notice has been announced on the website of CBEX on 10 September 2019. As at the date of this announcement, the Target Company is held as to 50% by the Company and 50% by Bantex. The Company is a state-controlled listed company and the disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right. According to the regulations of CBEX, the successful bidder is required to enter into the Asset Transaction Agreement with the Company.

The Base Price of Transfer of 50% interests of the Target Company is RMB3,025,130,808 while the final consideration shall be subject to the final bid price, but in any event not less than the Base Price of Transfer.

Implications under the Listing Rules

Using the Base Price of Transfer as the basis of calculation, the relevant percentage ratios calculated under the Listing Rules in respect of the potential Disposal is more than 25% but less than 75%. Thus, the potential Disposal, if materialised, constitutes a major transaction of the Company and is therefore subject to the requirements of reporting, announcement, circular, and shareholders' approval at a general meeting under Chapter 14 of the Listing Rules. A circular containing details of (i) further information in respect of the potential Disposal and the Asset Transaction Agreement, and (ii) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 31 October 2019.

To the awareness of the Board, Bantex may be a potential bidder of the public tender. Since Bantex holds the remaining 50% interests of the Target Company, and the Target Company is accounted for as a subsidiary of the Company, Bantex is therefore a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. If Bantex finally becomes a successful bidder, the Company will enter into the Asset Transaction Agreement with Bantex, and therefore the potential Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Subject to the conditions set out in Rule 14A.101 of the Listing Rules being fulfilled, the potential Disposal may be exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Despite so, the potential Disposal, if materialised, constitutes a major transaction of the Company and so the completion of the potential Disposal shall still be conditional upon and subject to the approval by the Shareholders at a general meeting.

The Company will issue further announcement and comply with the relevant requirements for the potential Disposal if there is any change in the category of notifiable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, the potential Disposal has not yet been materialised, the identity of the successful bidder is still uncertain, no Asset Transaction Agreement has been signed by the Company. As the potential Disposal may or may not proceed, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The Board announced that the Company proposed to dispose of 50% interests in the Target Company held by the Company by means of equity transfer through public tender in CBEX. The Tender Notice has been announced on the website of CBEX on 10 September 2019. As at the date of this announcement, the Target Company is held as to 50% by the Company and 50% by Bantex. The Company is a state-controlled listed company and the disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right. The potential Disposal will be carried out through CBEX. According to the regulations of CBEX, the successful bidder is required to enter into the Asset Transaction Agreement with the Company.

The Public Tender

The qualifications of the potential bidders shall be confirmed by CBEX, and shall pay a deposit of RMB302,513,080.8 (being 10% of the Base Price of Transfer) within 3 working days from the day of confirmation of the qualification.

Date and Procedures of the Public Tender

The Tender Notice has been announced on the website of CBEX on 10 September 2019. The period of information release will be open for 20 working days from the date of the Tender Notice. During the period of information release, bidders may indicate their interest in purchasing the 50% interests of the Target Company and register themselves as bidders. If there are two or more bidders, the successful bidder shall be determined by the bidding procedures of CBEX. Upon the expiry of the period of information release, CBEX will notify the Company of the identity of the successful bidder.

Within 5 working days upon the notification of the successful bidder by CBEX, the Company is required to enter into the Asset Transaction Agreement with such successful bidder.

As at the date of this announcement, material information of the Asset Transaction Agreement including the successful bidder, final consideration, payment, delivery and transfer time have not been determined. The Company will enter into the Asset Transaction Agreement upon confirmation of the successful bidder and perform its relevant procedures. As at the date of this announcement, no Asset Transfer Agreement has been entered into between the Company and any other party in relation to the potential Disposal.

Consideration

The Base Price of Transfer of 50% interests of the Target Company of RMB3,025,130,808, is determined by reference to the results of the Valuation Report dated 9 April 2019 issued by an independent valuer, China Enterprise Appraisal Co., Ltd.*(北京中企華資產評估有限責任公司), in respect of the value in the Target Company as at 31 December 2018 being the date for valuation. The Valuation Report has been filed with Capital Group in accordance with relevant rules.

The final consideration shall be subjected to the final bid price, but in any event not less than the Base Price of Transfer.

According to the rules of tender of CBEX, within 5 working days from the effective date of the Asset Transaction Agreement, 50% of the consideration inclusive of the security deposit shall be paid to CBEX. The remaining balance of the consideration shall be paid to the Company within one year from the effective date of the Asset Transaction Agreement and guarantee shall be provided with respect to such amount, and interest (at the prevailing bank loan interest rate for the same period) for the remaining balance of the consideration during the period of payment deferment shall be paid to the Company.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The Board is of the view that the urban core integrated complex is the core business line of the Company. Disposal of equity interests is one of the important ways for the Company to sell its properties. The potential Disposal enables the Company to sell high-quality property which will help further enhance the property valuation and to effectively realize the value of the assets.

The Directors are of the view that the transaction contemplated under the potential Disposal will be on normal commercial terms which is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Upon completion of the potential Disposal, the Company will no longer hold any interests of the Target Company.

GENERAL INFORMATION

The Company

The Company is a joint stock limited 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 Company is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential property development, outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industry properties and cultural and creative industries.

The Target Company

The Target Company is a limited liability company established on 28 June 2013 in the PRC. As at the date of this announcement, the registered capital of the Target Company is RMB1,997,109,000, in which the Company holds 50% interests and Bantex holds the remaining 50% interests. The Target Company is accounted for as a subsidiary of the Company. The Target Company holds all the construction projects of the office buildings at F-03 block of Lize Financial Business District of Lugouqiao Town, Feng Tai District in Beijing* (北京市豐台區盧溝橋鄉麗澤金融商務區F-03地塊).

The audited financial information of the Target Company for the two years ended 31 December 2017 and 2018 prepared in accordance with the accounting standards of the PRC is set out below.

	For the year ended 31 December	
	2017	2018
	<i>(RMB)</i>	<i>(RMB)</i>
Profit/(loss) before tax	229,214,621.41	(163,849,998.18)
Profit/(loss) after tax	171,910,966.06	(129,807,293.82)

As at 31 December 2018, the audited net assets of the Target Company was RMB3,688,492,370.56. As at 31 December 2018, the Target Company was valued at RMB6,005,494,732 based on the Valuation Report.

It is expected that immediately upon completion of the potential Disposal, the Company will no longer hold any interests of the Target Company.

Bantex Investments Limited

Bantex is a limited liability company incorporated in Hong Kong which is a potential bidder and a connected person of the Company at the subsidiary level. It is principally engaged in investment holding.

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE POTENTIAL DISPOSAL

As at the date of this announcement, the final consideration has not been determined, however, based on the Base Price of Transfer as the basis of calculation, the expected unaudited profit after tax will be approximately RMB660,000,000. The Company intends to use the proceeds from the potential Disposal as the general working capital of the Company.

Listing Rules Implications

Using the Base Price of Transfer as the basis of calculation, the relevant percentage ratios calculated under the Listing Rules in respect of the potential Disposal is more than 25% but less than 75%. Thus, the potential Disposal, if materialised, constitutes a major transaction of the Company and is therefore subject to the requirements of reporting, announcement, circular, and shareholders' approval at a general meeting under Chapter 14 of the Listing Rules. A circular containing details of (i) further information in respect of the potential Disposal and the Asset Transaction Agreement, and (ii) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 31 October 2019.

To the awareness of the Board, Bantex may be a potential bidder of the public tender. Since Bantex holds the remaining 50% interests of the Target Company, and the Target Company is accounted for as a subsidiary of the Company, Bantex is therefore a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. If Bantex finally becomes a successful bidder, the Company will enter into the Asset Transaction Agreement with Bantex, and therefore the potential Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Subject to the conditions set out in Rule 14A.101 of the Listing Rules being fulfilled, the potential Disposal may be exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Despite so, the potential Disposal, if materialised, constitutes a major transaction of the Company and so the completion of the potential Disposal shall still be conditional upon and subject to the approval by the Shareholders at a general meeting.

The Company will issue a further announcement to disclose material information of the Asset Transaction Agreement, when the successful bidder is confirmed to enter into the Asset Transaction Agreement, and comply with the relevant requirements for the potential Disposal if there is any change in the category of notifiable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, the potential Disposal has not yet been materialised, the identity of the successful bidder is still uncertain, no Asset Transaction Agreement has been signed by the Company. As the potential Disposal may or may not proceed, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Asset Transaction Agreement”	the asset transaction agreement to be entered into between the Company and the successful bidder in relation to the potential Disposal
“Base Price of Transfer”	the base price of transfer of the potential Disposal, being RMB3,025,130,808
“Bantex”	Bantex Investments Limited, a limited liability company incorporated in Hong Kong
“Board”	the board of Directors 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, under the direct administration of the Government of Beijing, the controlling shareholder of the Company
“CBEX”	北京產權交易所有限公司 (China Beijing Equity Exchange), a comprehensive property right exchange approved to establish by the Municipal People’s Government of Beijing
“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 whose H shares are listed on the Main Board of the Stock Exchange (Stock code: 2868)
“Directors”	the director(s) of the Company

“Disposal”	the disposal of 50% equity interests in the Target Company through public tender in CBEX
“Hong Kong”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Tiancheng Yongyuan”	Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司), a limited liability company established in the PRC
“Tender Notice”	the tender notice containing details and terms of the potential Disposal

“Valuation Report”

the valuation report dated 9 April 2019 issued by an independent valuer, China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司), in respect of the value of the Target Company as at 31 December 2018 being the date for valuation

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

Hong Kong, 10 September 2019

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, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.

* *For identification purposes only and should not be regarded as the official English translations of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*