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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 AND CONTINUING CONNECTED TRANSACTIONS LEASE AGREEMENTS AND ENTRUSTMENT AGREEMENTS

I. LANGYUAN PARK N5 PROJECT

On 2 April 2020, Xilangyuan (as the lessor), a subsidiary of the Company, and Qingyuan Culture (as the lessee), a connected person of the Company, entered into the Langyuan Lease Agreement to lease the Langyuan Property for carrying out the cultural and creative business. At the same time, Capital Langyuan, a wholly-owned subsidiary of the Company, and Qingyuan Culture entered into the Langyuan Entrustment Agreement, pursuant to which Capital Langyuan will be entrusted to operate the Langyuan Property, including, amongst others, the provision of leasing, promotion and operation management services.

II. JINMA BUILDING PROJECT

On 2 April 2020, Shouzhi Culture, a subsidiary of the Company, and Landa Culture, a connected person of the Company, entered into the Jinma Entrustment Agreement, pursuant to which Shouzhi Culture will be entrusted to operate the Jinma Property, including, amongst others, the provision of property renovation and operation management services.

LISTING RULES IMPLICATIONS

Each of Qingyuan Culture and Landa Culture is a subsidiary of Capital Group, the controlling shareholder of the Company, and therefore a connected person of the Company. As such, in accordance with Chapter 14A of the Listing Rules, Langyuan Transactions and Jinma Transactions constitute connected and continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions and the annual caps of the Langyuan Transactions and the Jinma Transactions are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial adviser's advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 2 April 2020, Xilangyuan (as the lessor), a subsidiary of the Company, and Qingyuan Culture (as the lessee), a connected person of the Company, entered into the Langyuan Lease Agreement to lease the Langyuan Property for carrying out the cultural and creative business. At the same time, Capital Langyuan, a wholly-owned subsidiary of the Company, and Qingyuan Culture entered into the Langyuan Entrustment Agreement, pursuant to which Capital Langyuan will be entrusted to operate the Langyuan Property, including, amongst others, the provision of leasing, promotion and operation management services.

On 2 April 2020, Shouzhi Culture, a subsidiary of the Company, and Landa Culture, a connected person of the Company, entered into the Jinma Entrustment Agreement, pursuant to which Shouzhi Culture will be entrusted to operate the Jinma Project, including, amongst others, the provision of property renovation and operation management services.

I. LANGYUAN PARK N5 PROJECT

Langyuan Lease Agreement

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

- | | | |
|----|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Date: | 2 April 2020 |
| 2. | Parties: | Xilangyuan (as the lessor)
Qingyuan Culture (as the lessee) |
| 3. | Term: | From date of the Langyuan Lease Agreement to 31 December 2022 |
| 4. | Langyuan Property: | N5 Office Building located at the northwest side of Langyuan Park, No. 18 Shangzhuang Avenue, Shijingshan District, Beijing, with a land use rights for gross floor area of 11,790 square meters |

5. Delivery with fine decoration: Xilangyuan has agreed to deliver the Langyuan Property with fine decoration to Qingyuan Culture on 1 August 2020 in accordance with the property delivery standards under the Langyuan Lease Agreement in consideration of a fine decoration service fee of RMB14,000,000 payable by Qingyuan Culture to Xilangyuan. Qingyuan Culture shall pay 50% before 5 April 2020 and the remaining 50% before 15 July 2020
6. Rent: RMB4 per square meter per day, being monthly rent of RMB1,434,450, payable every three months
7. Rent-free period:
 - a. From date of the Langyuan Lease Agreement to 30 June 2020
 - b. From 1 January 2021 to 31 January 2021
 - c. From 1 January 2022 to 31 January 2022
8. Deposit: Qingyuan Culture shall pay a deposit in an amount equivalent to three months' rent, being RMB4,303,350, within seven working days from the signing of the Langyuan Lease Agreement

Renewal of the Langyuan Lease Agreement

The Langyuan Lease Agreement may be renewed by the parties in accordance with the Listing Rules, and Qingyuan Culture shall have the prior right of renewal.

Basis for the transactions contemplated under the Langyuan Lease Agreement and proposed annual caps thereof

The annual caps under the Langyuan Lease Agreement for the three years ended 31 December 2020, 2021 and 2022 are set out below:

As of 31 December 2020	RMB8,606,700
As of 31 December 2021	RMB15,778,950
As of 31 December 2022	RMB15,778,950

The aforesaid annual caps have been determined on arm's length basis, taking into account (a) the prevailing market rent and market rental adjustment of comparable properties in the surrounding areas of the Langyuan Property; (b) the rent levels negotiated by Xilangyuan on arm's length basis with lessees who are Independent Third Parties; and (c) adjustments to rent and discretionary grant of rent-free periods due to the lease of large space or the entire building, taking into account of (a) and (b) above.

The Langyuan Property has no historical transaction amounts as it has no history of external leasing prior to the Langyuan Lease Agreement.

The fine decoration service fee has been determined on arm's length basis, taking into account the decoration cost according to the prescribed property delivery standards as well as a mark-up.

Langyuan Entrustment Agreement

The principal terms of the Langyuan Entrustment Agreement are set out below:

1. Date: 2 April 2020
2. Parties: Qingyuan Culture (as principal)
Capital Langyuan (as agent)
3. Term: From the date of the Langyuan Entrustment Agreement to the date of termination of the Langyuan Lease Agreement
4. Subject matters: To (a) carry out overall leasing and promotion planning and management according to the early planning and positioning of the project; (b) conduct overall leasing and promotion management in the name of the principal, and to guide third-party leasing and promotion teams to implement leasing and promotion, tenant selection and other works according to relevant business progress; (c) make adjustments to leasing and promotion and change of tenants mix according to project development progress and customers' needs; and (d) to provide other services relating to the business progress and management of leasing and promotion work in respect of Langyuan Property
5. Entrusted operation fee: The entrusted management fee for the project shall be RMB3,000,000 for the first year, and 15% of the external rental income of the Langyuan Property for the year from the second year onwards. In addition, Qingyuan Culture shall pay a fixed leasing commission of RMB1,740,000, RMB720,000 and RMB170,000 in 2020, 2021 and 2022 respectively

Proposed annual caps and basis for the Langyuan Entrustment Agreement

The annual caps for the Langyuan Entrustment Agreement for the three years ended 31 December 2020, 2021 and 2022 are set out below:

As of 31 December 2020	RMB4,740,000
As of 31 December 2021	RMB4,350,000
As of 31 December 2022	RMB4,120,000

The aforesaid annual caps have been determined on arm's length basis, taking into account (a) the fixed leasing commission based on the expected rental agreements to be entered into by the Langyuan Property; (b) the expected rental income from operation of Langyuan Property, to be improved by the professional operation capabilities and external leasing and promotion management of Capital Langyuan.

II. JINMA BUILDING PROJECT

The principal terms of the Jinma Entrustment Agreement are set out below:

1. Date: 2 April 2020
2. Parties: Landa Culture (as principal)
Shouzhi Culture (as agent)
3. Term: From the date of the Jinma Entrustment Agreement to 31 December 2022
4. Property: The property units located on Floors 1–4, Jinma Building, No. 38 Xueqing Road, Haidian District, Beijing, which are leased by Landa Culture from an Independent Third Party
5. Subject matters: To provide services such as project planning and positioning, decoration and renovation, equipment and facilities management, property services, leasing and operation management and other services in respect of Jinma Property

6. Entrusted management fee: The management fee is charged according to the estimated cost of the required entrusted services, including but not limited to the salary of the personnel employed by Shouzhi Culture for the entrusted project renovation, decoration, operation and management, as well as the administrative office expenses, research consulting fees, training fees, operation and promotion fees for entrusting third parties, leasing commission fees, post-repair and maintenance fee and property management fee to be incurred for such purpose

Proposed annual caps and basis for the Jinma Entrustment Agreement

The annual caps for the Jinma Entrustment Agreement for the three years ended 31 December 2020, 2021 and 2022 are set out below:

As of 31 December 2020	RMB10,870,000
As of 31 December 2021	RMB6,500,000
As of 31 December 2022	RMB6,650,000

The aforesaid annual caps have been determined on arm's length basis, taking into account the estimated labour, administrative, leasing and promotion costs for provision of the entrusted service detailed in the Jinma Entrustment Agreement as well as a mark-up.

REASONS FOR AND BENEFITS OF LANGYUAN TRANSACTIONS AND JINMA TRANSACTIONS

The cultural and creative industry is one of the three major new businesses of the Company and serves as one of the key directions of the Company's development. Drawing upon its established brands of "Langyuan" and "Yongyuan", the Company has successfully created the benchmark cultural and creative brands in Beijing. The cultural and creative business line has achieved success in output brand management with its business presence covering a network of 9 cultural and creative parks across the PRC. Synergy between cultural and creative business and our principal business has been achieved and the business shall focus on developing seed projects with potential.

The Langyuan Park, of which the Langyuan Property forms an integral part, is located in Shijingshan District, Beijing and is one of the key cultural and creative parks of the Group. The Langyuan Property project is expected to focus on the quality education for the adolescents and to build a comprehensive one-stop education platform integrating sports, culture, technology and education features for all ages. Through the Langyuan Lease Agreement and the Langyuan Entrustment Agreement, the Group will not only be able to benefit from favourable government policies' support through co-operation with Capital Venture, but also to receive fixed rents and leasing commissions effectively through output brand management, thereby diversifying its overall operational risks and increasing returns on

its own funds. In addition, by receiving the entrusted management fee linked to the Langyuan Property's rental income from external operations, the Group will also be able to enjoy the benefits of Langyuan Property's rental value improvement from effective leasing and promotion management.

On the other hand, based on the characteristics of the customer base and market conditions in the area where the project is located, the property units located on Floors 1–4, Jinma Building, No. 38 Xueqing Road, Haidian District, Beijing which will be leased by Landa Culture from the Third Party are intended to be built into an “outstanding immersive base for the digital and entertainment sectors” to develop a cultural and technological integration demonstration base, e-sports and animation IP derivative conversion platforms and digital entertainment incubation and innovation workshops. As one of the operating units for the Group's cultural and creative business line, Shouzhi Culture being entrusted to manage the Jinma Building project will not only secure economic benefits from the commissioned operation and management, but also be constructive to creating the “Capital Digital and Entertainment” brand and enhancing the capabilities of its management team, thus laying down a foundation for brand output and management output in the future. In addition, the Group's gaining of full access to government and industry resources through projects undertaken by its operating units with Capital Venture will help the digital and entertainment platform under the “Capital” brand to accumulate and integrate industrial resources and to provide support for subsequent project expansion.

The Group's cultural and creative business line will from time to time adjust and determine various operation modes and fee schedules of output brand management through market research and according to the features and market conditions of each project, thus laying a solid foundation for the development of output management of its cultural and creative business line.

The Directors (including the independent non-executive Directors) are of the view that the Langyuan Transactions and the Jinma Transactions are on normal commercial terms or better, fair and reasonable, no less favourable than the level of charges chargeable by Independent Third Parties in respect of the provision of similar services and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and that the annual caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Save for Li Songping and Su Jian, who, for reasons of their directorships and/or management roles in Capital Group, have abstained from voting on a voluntary basis, none of the other Directors have a material interest in the Langyuan Transactions and the Jinma Transactions under the Listing Rules and therefore no other Director was required to abstain from voting on the relevant resolution of the Board approving the Langyuan Transactions and the Jinma Transactions.

LISTING RULES IMPLICATIONS

Each of Qingyuan Culture and Landa Culture is a subsidiary of Capital Group, the controlling shareholder of the Company, and therefore a connected person of the Company. As such, in accordance with Chapter 14A of the Listing Rules, Langyuan Transactions and Jinma Transactions constitute connected and continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions and the annual caps of the Langyuan Transactions and the Jinma Transactions are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to the announcement, reporting and annual review requirements but are exempt from the circular (including independent financial adviser's advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION ON THE COMPANY AND 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 Company is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential properties, integrated outlets, urban core integrated complexes and primary land development, complemented by innovative business areas such as high-tech industry properties, cultural and creative industry and rental housing.

Qingyuan Culture

Qingyuan Culture is a company incorporated under the laws of the PRC with limited liability and a subsidiary of Capital Group, the controlling shareholder of the Company. It is wholly-owned by Capital Venture, and is a connected person of the Company.

Landa Culture

Landa Culture is a company incorporated under the laws of the PRC with limited liability and a subsidiary of Capital Group, the controlling shareholder of the Company. It is wholly-owned by Capital Venture, and is a connected person of the Company.

Capital Venture

Capital Venture is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the investment of cultural and creative industry. It is a subsidiary of Capital Group, the controlling shareholder of the Company, and is a connected person of the Company.

Xilangyuan

Xilangyuan is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the operation of Langyuan Park in Shijingshan District, Beijing. It is owned by the Company as to 80% and by Tiandi Yuanyida (Beijing) Investment Co., Ltd.* (天地源藝達(北京)投資有限公司) (being an Independent Third Party) as to 20%, and is therefore a subsidiary of the Company.

Capital Langyuan

Capital Langyuan is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the management of cultural and creative industry. It is an indirect wholly-owned subsidiary of the Company.

Shouzhi Culture

Shouzhi Culture is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the management of cultural and creative industry. It is an indirect wholly-owned subsidiary of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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 and under the direct supervision of the Beijing Municipal Government, the controlling shareholder of the Company and a connected person of the Company
“Capital Langyuan”	Beijing Capital Langyuan Culture Development Co., Ltd.* (北京首創郎園文化發展有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Capital Venture”	Beijing Capital Venture Investment Co., Ltd* (北京首創創業投資有限公司), a company incorporated in the PRC with limited liability, 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 under the laws of the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, person(s) or not being connected person(s) of our Company under the Listing Rules
“Jinma Entrustment Agreement”	the entrusted development and operation management agreement entered into between Shouzhi Culture and Landa Culture on 2 April 2020 in respect of the entrusted operation of the Jinma Property
“Jinma Property”	the property units located on Floors 1–4, Jinma Building, No. 38 Xueqing Road, Haidian District, Beijing
“Jinma Transactions”	the transactions contemplated under the Jinma Entrustment Agreement
“Landa Culture”	Beijing Landa Culture Technology Development Co., Ltd.* (北京嵐達文化科技發展有限公司), a company incorporated in the PRC with limited liability, which is wholly-owned by Capital Venture and is a connected person of the Company
“Langyuan Entrustment Agreement”	the entrusted operation agreement entered into between Capital Langyuan and Qingyuan Culture on 2 April 2020 in respect of the entrusted operation of the Langyuan Property
“Langyuan Lease Agreement”	the property lease agreement entered into between Xilangyuan and Qingyuan Culture on 2 April 2020 in respect of the lease of the Langyuan Project

“Langyuan Property”	N5 Office Building located at the northwest side of Langyuan Park, No. 18 Shangzhuang Avenue, Shijingshan District, Beijing, with a land use rights for gross floor area of 11,790 square meters
“Langyuan Transactions”	the transactions contemplated under the Langyuan Lease Agreement and Langyuan Entrustment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Qingyuan Culture”	Beijing Qingyuan Culture Technology Co., Ltd.* (北京磬園文化科技有限公司), a company incorporated in the PRC with limited liability, which is wholly-owned by Capital Venture and is a connected person of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shouzhi Culture”	Beijing Shouzhi Culture Technology Development Co., Ltd.* (北京首置文化科技發展有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xilangyuan”	Beijing Xilangyuan Culture Development Limited* (北京西朗園文化發展有限公司), a company incorporated in the PRC with limited liability, which is owned by the Company as to 80% and by Tiandi Yuanyida (Beijing) Investment Co., Ltd.* (天地源藝達(北京)投資有限公司) (being an Independent Third Party) as to 20% as at the date of this announcement
“%”	per cent

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

Hong Kong, 3 April 2020

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