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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)

CONTINUING CONNECTED TRANSACTION LOAN AGREEMENT

SUMMARY

On 2 September 2020, Ruiyuan Fengji (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with Youda Zhiye (a non wholly-owned subsidiary of the Company), pursuant to which Ruiyuan Fengji agreed to provide the Loan to Youda Zhiye for a term of no more than three years and the maximum daily outstanding balance (including principal and accrued interest) of the Loan during the term of the Loan shall not exceed RMB203,936,000.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Youda Zhiye is a non wholly-owned subsidiary of the Company owned as to 70% by Ruiyuan Fengji and 30% by New Town Fund respectively. New Town Fund is an associate of Capital Group, the controlling shareholder of the Company, and hence New Town Fund is a connected person of the Company. Therefore, Youda Zhiye is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Loan Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Loan Agreement are subject to the announcement, reporting and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

On 2 September 2020, Ruiyuan Fengji (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with Youda Zhiye (a non wholly-owned subsidiary of the Company), pursuant to which Ruiyuan Fengji agreed to provide the Loan to Youda Zhiye for a term of no more than three years and the maximum daily outstanding balance (including principal and accrued interest) of the Loan during the term of the Loan shall not exceed RMB203,936,000.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out below:

- Date: 2 September 2020
- Parties: (a) Ruiyuan Fengji, a wholly-owned subsidiary of the Company, as lender; and
(b) Youda Zhiye, a non-wholly-owned subsidiary of the Company, as borrower.
- Subject matter: Ruiyuan Fengji shall provide the Loan to Youda Zhiye from time to time during the term of the Loan Agreement to satisfy the funding requirements of Youda Zhiye’s daily operations and project development purposes. The principal amount of the Loan provided by Ruiyuan Fengji under the Loan Agreement shall be financed by Ruiyuan Fengji’s internal resources including cash and cash equivalents.
- Term of the Loan: No more than three years from the date of the Loan Agreement.
- Amount of principal and accrued interest of the Loan: The Loan to be granted is a revolving loan with a principal amount not exceeding RMB178,500,000, and the maximum daily outstanding balance (including principal and accrued interest) during the term of the Loan shall not exceed RMB203,936,000.
- Interest rate: 4.75% per annum, which is determined with reference to the most recent one-year loan prime rate (LPR) published by the National Interbank Funding Center plus 90 basis points. Interest shall accrue from the date on which Youda Zhiye received proof of bank remittance from Ruiyuan Fengji and shall be calculated based on the actual number of days that the Loan remains outstanding.

Youda Zhiye shall pay the interest to Ruiyuan Fengji within 10 business days upon the notice of interest payment is issued by Ruiyuan Fengji.

Repayment: Ruiyuan Fengji may require Youda Zhiye to repay the Loan or any part thereof on demand, and Youda Zhiye shall repay the Loan within 10 business days upon receipt of such demand.

Subject to the availability of sufficient working capital to Youda Zhiye, Youda Zhiye may early repay the Loan under the Loan Agreement, provided that Youda Zhiye shall give notice of early repayment to Ruiyuan Fengji and obtain Ruiyuan Fengji's consent at least 10 business days prior to the date of such early repayment.

Security: The Loan is unsecured

PROPOSED ANNUAL CAPS

Pursuant to the Loan Agreement, the maximum daily outstanding balance (including principal amount and accrued interest) owed by Youda Zhiye to Ruiyuan Fengji under the Loan Agreement shall not exceed RMB203,936,000 on any day throughout the term of the Loan, which constitutes the proposed Annual Caps. The Annual Caps for the respective financial years are set out below:

	For the period from 2 September 2020 to 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the period from 1 January 2023 to 1 September 2023 RMB'000
Maximum principal amount outstanding on any day during the term of the Loan	178,500	178,500	178,500	178,500
Maximum accrued interest amount	2,811	11,290	19,768	25,436
Proposed Annual Caps	<u>181,311</u>	<u>189,790</u>	<u>198,268</u>	<u>203,936</u>

In determining the Annual Caps, the Company has taken into account (a) the maximum principal amount of the Loan of RMB178,500,000 that may be outstanding on any day during the term of the Loan, the amount is determined with reference to funding requirements of Youda Zhiye's daily operations and project development purposes in proportion to Ruiyuan Fengji's interest in Youda Zhiye; and (b) the maximum accrued interest amount that may be payable under the Loan Agreement with reference to the maximum principal amount of the Loan of RMB178,500,000, the interest rate as stipulated under the Loan Agreement and the assumption that the maximum principal amount of the Loan is drawn down at the time of entering into the Loan Agreement and remains outstanding at the respective financial year ends.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Reference is made to the Company's announcement dated 28 June 2016 in relation to the establishment of Youda Zhiye by Ruiyuan Fengji and New Town Fund for the commencement of a primary land development project located in Baigezhuang New Village, Daxingzhuang Town, Pinggu District, Beijing, the PRC. Primary land development is one of the Group's four main business streams and is expected to generate stable revenue for the Group through the commencement of primary land development project by Youda Zhiye, a non-wholly-owned subsidiary of the Group. By entering into the Loan Agreement, sufficient funds will be available to Youda Zhiye for meeting the funding requirements of its daily operations and project development. It is in the interests of the Company to support the Pinggu Project developed by Youda Zhiye.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms or better and entered into on an arm's length basis, 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, and that the Annual Caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Save for Mr. Li Songping and Mr. Su Jian, who have abstained from voting on a voluntary basis for reasons of their directorships and/or management roles in Capital Group and/or New Town Fund, to the best knowledge of the Company having made all reasonable enquiries, none of the other Directors have a material interest in the Loan Agreement under the Listing Rules and therefore no other Director was required to abstain from voting on the relevant resolution(s) of the Board approving the Loan Agreement and the transactions contemplated thereunder.

Internal control measures

The Company has internal control measures to ensure that the transactions contemplated under the Loan Agreement are in accordance with terms contained therein and are on normal commercial terms or better, and the Annual Caps are not exceeded during the term of the Loan including, among others, (a) obtaining interest rate quotations offered by financial institutions for loans with similar terms and ensuring the interest rate stipulated under the Loan Agreement for every draw down under the Loan Agreement is reasonable; (b) monitoring and review of the aggregate outstanding principal amount and accrued interest amount by the Company's management on a daily basis to ensure the Annual Caps are not exceeded; and (c) the independent non-executive Directors and the external auditors engaged by the Company will conduct annual review of the transactions contemplated under the Loan Agreement (including the Annual Caps) in accordance with the Listing Rules.

INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which 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 industries and rental housing.

Ruiyuan Fengji

Ruiyuan Fengji is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in real estate development.

Youda Zhiye

Youda Zhiye is a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is principally engaged in the development of a primary land development project located in Baigezhuang New Village, Daxingzhuang Town, Pinggu District, Beijing, the PRC. As at the date of this announcement, Youda Zhiye is owned as to 70% by Ruiyuan Fengji and 30% by New Town Fund.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Youda Zhiye is a non wholly-owned subsidiary of the Company owned as to 70% by Ruiyuan Fengji and 30% by New Town Fund respectively. New Town Fund is an associate of Capital Group, the controlling shareholder of the Company, and hence New Town Fund is a connected person of the Company. Therefore, Youda Zhiye is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Loan Agreement constitute continuing connected transactions 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) in respect of the Annual Caps under the Loan Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Loan Agreement are subject to the announcement, reporting and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

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

“Annual Caps”	the maximum daily outstanding balance (including principal amount and accrued interest) owed by Youda Zhiye to Ruiyuan Fengji under the Loan Agreement, which is an amount of RMB203,936,000 on any day throughout the term of the Loan
“Board”	the board of Directors 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 the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2868)
“Director(s)”	the director(s) of the Company
“H Share(s)”	the ordinary shares of RMB1.00 each of the Company, which are issued outside the PRC, listed on the Stock Exchange and traded in Hong Kong dollar
“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
“Loan”	a revolving loan with a principal amount not exceeding RMB178,500,000 to be granted in accordance with the Loan Agreement, subject to a maximum daily outstanding balance (including principal and accrued interest) of RMB203,936,000
“Loan Agreement”	the loan agreement dated 2 September 2020 entered into between Ruiyuan Fengji and Youda Zhiye, pursuant to which Ruiyuan Fengji agreed to provide the Loan to Youda Zhiye
“New Town Fund”	Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)), a limited partnership established in the PRC and a connected person of the Company

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Ruiyuan Fengji”	Beijing Ruiyuan Fengji Zhiye Company Limited* (北京瑞元豐吉置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Share(s)”	the share(s) of the Company in the nominal value of RMB1.00 each, including the domestic share(s), non-H foreign share(s) and the H share(s)
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Youda Zhiye”	Youda Zhiye Company Limited* (北京優達置業有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company. As at the date of this announcement, Youda Zhiye is owned as to 70% by Ruiyuan Fengji and 30% by New Town Fund, respectively
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)” 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, 2 September 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, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.