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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
SUPPLEMENTAL AGREEMENT TO
THE ASSET MANAGEMENT AGREEMENT**

Reference is made to the announcement of the Company dated 19 December 2017 in relation to the Asset Management Agreement entered into between the Company, First Capital (as manager) and the Custodian Bank (as custodian). The Asset Management Agreement will expire on 8 January 2021.

The Board is pleased to announce that on 8 December 2020, the Company, First Capital (as manager) and the Custodian Bank (as custodian) entered into the Supplemental Agreement, pursuant to which, among others, the Company agreed to extend the Asset Management Agreement for three years which entrust First Capital with the management of the Entrusted Assets up to RMB1,250 million for the extended term, 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 Supplemental 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

Reference is made to the announcement of the Company dated 19 December 2017 in relation to the Asset Management Agreement entered into between the Company, First Capital (as manager) and the Custodian Bank (as custodian). The Asset Management Agreement will expire on 8 January 2021.

The Board is pleased to announce that on 8 December 2020, the Company, First Capital (as manager) and the Custodian Bank (as custodian) entered into the Supplemental Agreement, pursuant to which, among others, the Company agreed to extend the Asset Management Agreement for three years which entrust First Capital with the management of the Entrusted Assets up to RMB1,250 million for the extended term, subject to extension by the parties.

THE SUPPLEMENTAL AGREEMENT

Major terms of the Supplemental Agreement have been set out below:

Date

8 December 2020

Parties

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

Entrusted Assets

Pursuant to the Supplemental Agreement, the amount of the Entrusted Assets during the term of the Supplemental Agreement shall not exceed RMB1,250 million. When determining the upper limit of the amount of the Entrusted Assets, the Company considers the size of previous Entrusted Assets, investment returns, the performance fee received by First Capital and the Company's estimated level of cash from surplus capital from time to time.

Asset Management and Investment Services

First Capital shall provide asset management and investment services in respect of the Entrusted Assets in accordance with the investment policies under the Supplemental 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 Supplemental Agreement. 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

The investment of the Entrusted Assets is subjected to certain restrictions, including but not limited to:

- (1) sovereign debt rating and debt rating of long-term credit bond (except short-term financing bond and ultra short-term financing bond) 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; sovereign debt rating of ultra short-term financing bond should be AA grade or above;
- (2) investments in private bonds of medium and small enterprises are not permitted;
- (3) the remaining amount of bond repurchase shall not exceed 100% of the net asset value of the Entrusted Assets, save for any event caused by temporary withdrawal of the Entrusted Assets by the Company;
- (4) comply to the laws and regulations or other investment limitations as required by regulatory authorities; and
- (5) the ratio of total assets to net assets of the Entrusted Assets shall not exceed 200%.

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 and the Supplemental 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 Supplemental 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 30% of the aggregate amount of the investment return(s) exceeding the annual benchmark return of 3.8% (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 3.8% 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 Supplemental Agreement shall be for a term of three years (from 9 January 2021 to 8 January 2024), which is renewable upon the expiry of the extended term with the consent of all contractual parties.

Termination

The Supplemental Agreement may be terminated under the following circumstances:

- (a) the Supplemental 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 and Supplemental 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 Supplemental 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 Supplemental Agreement, in which case First Capital may terminate the Supplemental Agreement accordingly; or
- (g) any other circumstances as required by applicable laws and regulations.

Upon termination of the Supplemental 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 SUPPLEMENTAL 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 Supplemental 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 to enhance the proceeds of management as to the Company's cash from surplus capital from time to time. Further, the performance fee provides First Capital an motivation to reap higher returns on cash management for the Company, thus in the interests of the Company and Shareholders as a whole.

The Board (including the independent non-executive Directors) believes that the terms of the Supplemental 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

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 Supplemental 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.

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 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, integrated outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industrial property developments, cultural and creative industrial property developments and rental housing.

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. First Capital is listed on the Shenzhen Stock Exchange (Stock Code: 002797).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the controlling shareholder of the Company, Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), which owns approximately 12.72% equity interest in First Capital and does not have control (pursuant to Chapter 14A of the Listing Rules) of First Capital, 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. The Custodian Bank is listed on the Shanghai Stock Exchange (Stock Code: 601166).

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, as supplemented
“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 amount to be deposited in the Company's custodian account in the Custodian Bank pursuant to the Supplemental Agreement with the size of the Entrusted Assets not exceeding RMB1,250 million
“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
“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
“Supplemental Agreement”	the supplemental agreement to the asset management agreement dated 8 December 2020 entered into between the Company, First Capital and the Custodian Bank in relation to, among others, the extension of the provision of asset management and investment services by First Capital to the Company for three years
“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, 8 December 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. Huang Ziquan, 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.