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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)**

**CAPITAL GRAND**

**BEIJING CAPITAL GRAND LIMITED**

**首創鉅大有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1329)**

## **CONNECTED TRANSACTIONS ANNOUNCEMENT**

### **IN RELATION TO THE ESTABLISHMENT OF ASSET BACKED SECURITIES SCHEME**

#### **ESTABLISHMENT OF THE ASSET-BACKED SECURITIES SCHEME**

The board of directors of BCL and the board of directors of the Company are pleased to announce that the Company has arranged for the establishment of the Scheme, an asset-backed securities scheme known as Zhonglian BCG – Capital Outlets Phase II Asset – backed Securities Scheme\*, which would issue the ABS in an amount of not more than RMB3,268,000,000 (i.e. the Issuance) for the purpose of indirectly acquiring the entire equity interest of the Project Companies and thereby securitizing the Properties by injecting the proceeds from the Issuance into the Fund. The Fund will in turn use such proceeds to acquire the entire equity interest in, and also to provide shareholders' loans to, the Project Companies.

In preparation of the Issuance, the Group has undergone the Internal Restructuring which will involve the following major steps: (1) the Fund Manager has set up the Fund, and the Original Equity Holder (a wholly-owned subsidiary of the Company) has subscribed for the initial Fund Units, (2) the Fund (as represented by the Fund Manager) has agreed to acquire the entire equity interest in the Project Companies from the relevant Sellers, pursuant to the provisions of the Equity Transfer Agreements (i.e. the Disposal), and (3) the Scheme, as represented by the Scheme Manager, has agreed to acquire the initial Fund Units from the Original Equity Holder and make further contribution to the Scheme from the proceeds of the Issuance (i.e. the Internal Restructuring).

Upon completion of the Issuance and the Internal Restructuring, the Scheme holds the entire interest in the Fund, which in turn holds the entire equity interest in the Project Companies. The Project Companies will continue to hold the respective Properties and has entrusted the Original Equity Holder with the management of the daily operations of the Properties. As a result of the Internal Restructuring, each of the Project Companies will continue to be accounted for as subsidiary of the Company and the financial results of the Scheme, the Fund and the Project Companies will remain consolidated into the financial statements of the Group.

The Scheme is divided into (i) Senior Class ABS; and (ii) Subordinated Class ABS. The Original Equity Holder has entered into a subscription agreement with the Scheme Manager on 28 May 2021 for the subscription of all the Subordinated Class ABS.

### **ABS AGREEMENTS**

In connection with the Issuance, the Group entered into the following ABS Agreements with the Scheme Manager and/or the Fund Manager:

#### **The Project Cooperation Agreement**

On 28 May 2021, Shanghai Juque, a wholly-owned subsidiary of the Company, entered into the Project Cooperation Agreement with the Scheme Manager. Pursuant to the Project Cooperation Agreement, the Scheme Manager agreed to provide services as a manager of the Scheme and as an underwriter of the Scheme. The Scheme Manager will be entitled to (a) an underwriting fee of RMB2,340,000, being 0.09% of the underwriting portion of the Senior Class ABS Issuance; and (b) a scheme management fee of RMB1,470,600 payable annually, being 0.045% of the proceeds of the Issuance.

#### **The Fund Contract**

On 28 May 2021, the Original Equity Holder entered into the Fund Contract with the Fund Manager and the Fund Custodian relating to, among others, the management fee payable to the Fund Manager, as manager of the Fund, of RMB2,777,800 payable annually, being 0.085% of the proceeds of the Issuance.

### **Property Asset Services Agreements**

On 28 May 2021, each of the Project Companies, the Scheme Manager, the Fund Manager, the Assets Service Agent and GSUM entered into the Property Asset Services Agreements. Pursuant to the Property Asset Services Agreements, subject to the Scheme becoming effective, the Assets Service Agent is entrusted with the operation and management of the Properties, including but not limited to the commercialization, renting, promotion and maintenance of the Properties. Each of the Project Companies shall pay the Assets Service Agent a quarter of the annual management fee (subject to adjustments depending on the revenue to be generated by each Project Company during the Term), to the Assets Service Agent within 15 business days after the beginning of each quarter.

### **The Credit Enhancement Agreement**

On 28 May 2021, the Company, the Scheme Manger, the Fund Manager and BCL entered into the Credit Enhancement Agreement. Pursuant to the Credit Enhancement Agreement, the Company will bear liability in respect of, amongst others, (i) any shortfall in the event that the Scheme does not have sufficient funds to pay the required distributions to Senior Class ABS Holders, including their principal and their annual return as per the fixed coupon rate; (ii) operational expenses, external debts and capital expenses of the Project Companies; (iii) tax, obligation and liability exposures to the Fund and the Project Companies prior to the establishment of the Scheme, if any; and (iv) breach of contractual obligations resulting from entrusting the Assets Service Agent with the management of the daily operations of the Properties, if any. The Company will bear liability to the Scheme and BCL shall provide guarantee for such top-up obligations of the Company in respect of the obligations arising from the Credit Enhancement Agreement.

### **Right of First Refusal Agreement**

On 28 May 2021, the Company, BCL, the Scheme Manager and the Fund Manager entered into the Right of First Refusal Agreement. Pursuant to the Right of First Refusal Agreement, the Company has been granted the right of first refusal to acquire (a) all the units of the Fund held by the Scheme and other assets of the Scheme; (b) all the equity and debt interests of the Project Companies held by the Fund; and (c) all the Properties or the underlying interests held by the Project Companies in the event that the Scheme proceeds to its maturity disposal stage (being normally commencing on the end of second year after the Scheme Effective Date) (the “**Right of First Refusal**”). In return, the Company or any company nominated by the Company may have to pay a fee to the Scheme per year in respect of the Right of First Refusal in accordance with the terms as stipulated in the Right of First Refusal Agreement, and BCL shall provide guarantee for such payment obligations of the Company in respect of the obligations arising from the Right of First Refusal Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **As regards BCL**

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which is the controlling shareholder and a connected person of the Company. Since both the Scheme Manager and the Fund Manager are subsidiaries of Capital Group, they are associates of Capital Group and thus the connected persons of BCL under Chapter 14A of the Listing Rules. The entering into of the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder constitute connected transaction and continuing connected transactions of BCL under Chapter 14A of the Listing Rules respectively.

On 17 February 2020, BCL and the Scheme Manager entered into the financial services framework agreement in relation to the provision of services to the BCL Group for the future offering of bonds and/or products in relation to assets securitization by acting as an underwriter and/or a manager from 17 February 2020 to 31 December 2022. Thus, all the fees payable under the ABS Agreements will be included into the said financial services framework agreement. Details are set out in the announcement of BCL dated 17 February 2020. Thus, this joint announcement is made by BCL on a voluntary basis.

### **As regards the Company**

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which is the controlling shareholder and a connected person of the Company. Since both the Scheme Manager and the Fund Manager are subsidiaries of Capital Group and associates of BCL, they are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder constitute connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules respectively.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual fees payable by the Group to Scheme Manager and the Fund Manager for the transactions contemplated under all the ABS Agreements are more than 0.1% but below 5%, all the transactions contemplated under the ABS Agreements, are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **ESTABLISHMENT OF THE ASSET-BACKED SECURITIES SCHEME**

The board of directors of BCL and the board of directors of the Company are pleased to announce that the Company has arranged for the establishment of the Scheme, an asset-backed securities scheme known as Zhonglian BCG – Capital Outlets Phase II Asset – backed Securities Scheme\*, which would issue the ABS in an amount of not more than RMB3,268,000,000 (i.e. the Issuance) for the purpose of indirectly acquiring the entire equity interest of the Project Companies and thereby securitizing the Properties by injecting the proceeds from the Issuance into the Fund. The Fund will in turn use such proceeds to acquire the entire equity interest in, and also to provide shareholders' loans to, the Project Companies.

In preparation of the Issuance, the Company has undergone the Internal Restructuring which will involve the following major steps: (1) the Fund Manager has set up the Fund, and the Original Equity Holder (a wholly-owned subsidiary of the Company) has subscribed for the Target Fund Units, (2) the Fund (as represented by the Fund Manager) has agreed to acquire the entire equity interest in the Project Companies from the relevant Sellers, pursuant to the provisions of the Equity Transfer Agreements (i.e. the Disposal), and (3) the Scheme, as represented by the Scheme Manager has agreed to acquire the Target Fund Units from the Original Equity Holder and make further contribution to the Scheme from the proceeds of the Issuance (i.e. the Internal Restructuring).

Upon completion of the Issuance and the Internal Restructuring, the Scheme holds the entire interest in the Fund, which in turn holds the entire equity interest in the Project Companies. The Project Companies will continue to hold the respective Properties and has entrusted the Assets Service Agent with the management of the daily operations of the Properties. As a result of the Internal Restructuring, each of the Project Companies will continue to be accounted for as subsidiary the Company and the financial results of the Scheme, the Fund and the Project Companies will remain consolidated into the financial statements of the Group.

## **The Equity Transfer Agreements**

On 28 May 2021, the respective Sellers and the Fund, both being accounted for as subsidiaries of the Company, entered into the Equity Transfer Agreements with the principal term as follows:

### **(1) *The Equity Transfer Agreement relating to Hangzhou Capital Outlets***

Date	:	28 May 2021
Parties	:	(a) Zhejiang Outlets Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司), as seller  (b) the Fund, as purchaser represented by the Fund Manager
Subject matter	:	the entire equity interest in Hangzhou Capital Outlets Property Limited, the registered owner of Hangzhou Capital Outlets
Proposed Consideration	:	the proposed consideration will be RMB410,370,000 (subject to adjustments depending on the net asset value of Hangzhou Capital Outlets Property Limited on the day immediately before the Scheme Effective Date)

### **(2) *The Equity Transfer Agreement relating to Nanchang Capital Outlets***

Date	:	28 May 2021
Parties	:	(a) Beijing Jinfu Longding Investment Management Co., Ltd.* (北京錦富龍鼎投資管理有限公司), as seller  (b) the Fund, as purchaser represented by the Fund Manager
Subject matter	:	the entire equity interest in Jiangxi Capital Outlets Development Company Limited, the registered owner of Nanchang Capital Outlets
Proposed Consideration	:	the proposed consideration will be RMB432,690,000 (subject to adjustments depending on the net asset value of Jiangxi Capital Outlets Development Company Limited on the day immediately before the Scheme Effective Date)

**(3) *The Equity Transfer Agreement relating to Jinan Capital Outlets***

Date : 28 May 2021

Parties : (a) Beijing Hengsheng Huaxing Investment Management Co., Ltd.\* (北京恒盛華星投資管理有限公司), as seller

(b) the Fund, as purchaser represented by the Fund Manager

Subject matter : the entire equity interest in Jinan Shouju Real Estate Ltd, the registered owner of Jinan Capital Outlets

Proposed Consideration : the proposed consideration will be RMB374,130,000 (subject to adjustments depending on the net asset value of Jinan Shouju Real Estate Ltd on the day immediately before the Scheme Effective Date)

**(4) *The Equity Transfer Agreement relating to Hefei Capital Outlets***

Date : 28 May 2021

Parties : (a) Shanghai Juque Investment Management Co., Ltd.\*(上海鉅譽投資管理有限公司) and Capital Juda Operation Limited \* (首創鉅大營運有限公司), as sellers

(b) the Fund, as purchaser represented by the Fund Manager

Subject matter : the entire equity interest in Hefei Chuangju Commercial Development and Management Co., Ltd., the registered owner of Hefei Capital Outlets

Proposed Consideration : the proposed consideration will be RMB175,530,000 (subject to adjustments depending on the net asset value of Hefei Chuangju Commercial Development and Management Co., Ltd. on the day immediately before the Scheme Effective Date)



### *Basis of determining the consideration*

The proposed consideration of each of the internal Disposal is determined with reference to the net asset value of each of the Project Companies as stated in the audit report of the Project Companies as at 31 May 2020. The final consideration will be confirmed depending on the net asset value of each of the Project Companies on the day immediately before the Scheme Effective Date. If the net asset value of any Project Company on the day immediately before the Scheme Effective Date is less than the proposed consideration, the final consideration for the Disposal of such Project Company will be equal to the net asset value of the Project Company on the day immediately before the Scheme Effective Date. Otherwise, if the net asset value of any Project Company on the day before the Scheme Effective Date is higher than the proposed consideration, the final consideration will remain as the proposed consideration. Based on the audit report of the Project Companies, as at 31 May 2020, the net asset value of each of Hangzhou Capital Outlets Property Limited, Jiangxi Capital Outlets Development Company Limited, Jinan Shouju Real Estate Ltd and Hefei Chuangju Commercial Development and Management Co., Ltd. was RMB410,361,586.22, RMB432,685,658.15, RMB374,123,103.95 and RMB175,529,530.33, respectively.

### *Payment terms and conditions precedent of the Equity Transfer Agreements*

The payment in respect of the Disposal of each of the Project Companies will be made in two installments. The first installment, being 80% of the proposed consideration of the Disposal of each of the Project Companies, will be made after the following conditions precedent have been satisfied:

- (a) the Equity Transfer Agreements are signed and becoming effective; and
- (b) contributions to the Fund have been fully paid up.

The second installment, being the remaining consideration in respect of the Disposal of each of the Project Companies, will be made after the following conditions precedent have been satisfied:

- (a) completing the audit for the consideration for the equity transfer under the Equity Transfer Agreements; and
- (b) repayment of all loans from bank(s) (if any) by each of the relevant Project Companies.



### Existing internal loans of each of the Project Companies

Based on the audit report of the Project Companies, as at 31 May 2020, each of the Project Companies had the following outstanding internal loans owed to the corresponding Seller:

<b>Name of Project Company</b>	<b>Amount of outstanding shareholder's loan (RMB million)</b>
Hangzhou Capital Outlets Property Limited	490.64
Jiangxi Capital Outlets Development Company Limited	302.58
Jinan Shouju Real Estate Ltd	1.60
Hefei Chuangju Commercial Development and Management Co., Ltd.	23.30
<b>Total</b>	<b>818.12</b>

As such, on the Scheme Effective Date, the Fund (as represented by the Fund Manager) has agreed to provide shareholder's loans to (i) Hangzhou Capital Outlets Property Limited in the amount of RMB525,470,000; (ii) Jiangxi Capital Outlets Development Company Limited in the amount of RMB364,220,000; (iii) Jinan Shouju Real Estate Ltd. in the amount of RMB428,500,000; and (iv) Hefei Chuangju Commercial Development and Management Co., Ltd. in the amount of RMB550,350,000. In return for the said shareholder's loans, each of the Project Companies have also agreed to pledge their Properties and their receivables in favour of the Fund for providing the such loans. The initial interest rate of the relevant loan is 8% payable to the Fund per annum, and the Fund (as represented by the Fund Manager) has the right to adjust the interest rate of the loan. The relevant loan shall be used to repay existing debts such as existing internal loans and bank loans, and the remaining balance (if any) shall be used to supplement the working capital required for the operation of the Project Companies and for other purposes as approved by the Fund (as represented by the Fund Manager).

The consideration payable by the Fund Manager to the Sellers and the Fund shall be satisfied by the proceeds obtained by the Fund provided by the ABS Holders pursuant to the Scheme.

**The Fund Units Transfer Agreement**

The principal terms of the Fund Units Transfer Agreement are as follows:

- Date : 28 May 2021
  
- Parties :
  - (a) the Original Equity Holder, as the transferor;
  
  - (b) the Scheme Manager, as the transferee and acting on behalf of the Scheme; and
  
  - (c) the Fund Manager, a manager of the Fund
  
- Subject matter : the Original Equity Holder has agreed to dispose, and the Scheme Manager has agreed to acquire, the Target Fund Units, being 3,266,300,000 units of the Fund with a nominal value of RMB1.00 per unit, of which RMB10,000,000, being the initial Fund Units, has been paid up by the Original Equity Holder and RMB3,256,300,000 would then be paid up by the Scheme Manager.
  
- Consideration :
  - the consideration for the Target Fund Units payable to the Original Equity Holder is RMB10,000,000, which is equivalent to the fully paid amount of the Target Fund Units provided by the Original Equity Holder, and the Scheme Manager shall pay such consideration in cash to the account designated by the Original Equity Holder by utilizing the proceeds raised under the Scheme on the Scheme Effective Date.
  
  - the Scheme Manager shall also pay up the remaining contribution in respect of the Target Fund Units in the amount of RMB3,256,300,000, being the difference between the value of the Target Fund Units of RMB3,266,300,000 and the consideration of RMB10,000,000 paid to the Original Equity Holder, on the Scheme Effective Date.

the total value of the Target Fund Units, being RMB3,266,300,000 was determined based on the total amount payable by the Fund for the acquisition of the equity interest of the Project Companies as part of the Internal Restructuring and the amount of shareholders' loan to be provided to the Project Companies, plus the estimated costs and expenses for the setting up and operation of the Fund.

Conditions and completion : Completion has taken place on the Scheme Effective Date.

### **The Scheme**

According to the terms of the Scheme, the Scheme, through the Fund, holds the Project Companies which in turn hold the Properties. Pursuant to the Scheme, the Scheme Manager, as the manager of the Scheme, has issued asset-backed securities in the aggregate amount of not more than RMB3,268,000,000 to the ABS Holders, who in return enjoy the economic benefits generated from the Properties, with a maturity term of three years from the Scheme Effective Date. The value of the ABS was determined based on the total amount payable by the Fund for the acquisition of the equity interest of the Project Companies as part of the Internal Restructuring and the amount of shareholders' loan to be provided to the Project Companies, plus the estimated costs and expenses for the setting up and operation of the Fund and the Scheme.

The purpose of the Scheme is to entrust the Scheme Manager to utilize the subscription funds advanced by the ABS Holders to, amongst other matters, acquire the Target Fund Units and to make distributions to the ABS Holders generated from the management, utilization and disposal of the Target Fund Units according to the terms of the Scheme.

The ABS issued pursuant to the Scheme are divided into (i) the Senior Class ABS in the amount of RMB2,600,000,000, which account for approximately 79.56% of the Issuance; and (ii) the Subordinated Class ABS in the amount of RMB668,000,000, which account for approximately 20.44% of the Issuance.

There is no public offering of the ABS. The Senior Class ABS is issued to one or more qualified investors (which are Independent Third Parties) by way of private placing, while all the Subordinated Class ABS is issued to Original Equity Holder. The Senior Class ABS will be listed and tradeable on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange. The Subordinated Class ABS will not be listed.

### ***The Senior Class ABS***

The Senior Class ABS has a fixed coupon rate of 5.05% payable annually during the Term. The Senior Class ABS has received a credit rating of “AAAsf” from Chengxin Securities Rating Co., Ltd.\* (中誠信國際信用評級有限責任公司), an independent rating agency in the PRC. Given the debt-like features of the Senior Class ABS, the Senior Class ABS will be booked as debt in the financial statements of the Group upon issue.

### ***The Subordinated Class ABS***

The Subordinated Class ABS does not have a fixed coupon rate, but will entitle the Original Equity Holder all remaining distributions of the Scheme after (i) payment of the fixed coupon, (ii) repayment of the principal amount of the Senior Class ABS to the Senior Class ABS Holders, and (iii) deduction of the related costs and expenses of the Scheme. In the individual statements of the Assets Service Agent, the Subordinated Class ABS will be treated as long-term equity investments and will be eliminated and will not be reflected in the Company’s consolidated financial statements.

Upon the expiry of the Term, the Scheme shall repay the outstanding amounts of the fixed coupon and principal of the Senior Class ABS in full and the Original Equity Holder shall be entitled to all residual amount after full repayment of the outstanding amounts of the fixed coupon and principal of the Senior Class ABS and deduction of all related costs and expenses of the Scheme and the Fund. The Scheme will be terminated after disposal of all of its assets and distribution of proceeds to the ABS Holders pursuant to the Scheme.

### ***The Subscription Agreement***

The Original Equity Holder entered into an ABS subscription agreement with the Scheme, as represented by the Scheme Manager, on 28 May 2021 for the subscription of the Subordinated Class ABS in the amount of RMB668,000,000.

The amount of the Subscription payable by the Original Equity Holder to the Scheme under the Subscription Agreement is determined based on the interest of the Original Equity Holder of approximately 20.44% of the Issuance under the Scheme.

Completion of the Subscription is on the Scheme Effective Date. Payment has been made on 28 May 2021 being the Scheme Effective Date.

The Subscription by the Original Equity Holder was funded by internal resources of the Group.

## ABS AGREEMENTS

In connection with the Issuance, the Group entered into the following ABS Agreements with the Scheme Manager and/or the Fund Manager:

### Project Cooperation Agreement

Date	:	28 May 2021
Parties	:	(i) Shanghai Juque, a wholly-owned subsidiary of the Company; and  (ii) the Scheme Manager, a subsidiary of Capital Group.
Subject matter	:	Pursuant to the Project Cooperation Agreement, the Scheme Manager will provide services as a manager of the Scheme and as an underwriter of the Scheme.
Consideration and payment terms	:	<i>Underwriting fees</i> The Scheme Manager will be entitled to RMB2,340,000, being 0.09% of the underwriting portion of the Senior Class ABS Issuance to Shanghai Juque. The percentage is determined with reference to the prevailing market rate chargeable by similar services providers.  The payment shall be made in cash within ten business days after the Scheme Effective Date by Shanghai Juque.  <i>Scheme management fees</i> The Scheme Manager will be entitled to RMB1,470,600 in cash per year, being 0.045% of the proceeds of the Issuance. The percentage is determined with reference to the prevailing market rate chargeable by similar services providers. The payment is made on the Scheme Effective Date for the first anniversary of the Scheme. The payment shall be made on the fourth last business day of each calendar year for the remaining term.

## **Fund Contract**

Date	:	28 May 2021
Parties	:	(i) Fund Manager;  (ii) Fund Custodian; and  (iii) Original Equity Holder, whose contractual rights and obligations contained in the Fund Contract would be assumed by the Scheme upon Scheme Effective Date.
Subject Matter	:	The Fund Contract clarifies the rights and obligations and protects the legal interests of the contracting parties. In return for the services provided by the Fund Manager, as manager of the Fund, the Fund Manager shall be entitled to a management fee payable in cash annually.
Consideration and payment	:	The Fund Manager will be entitled to RMB2,777,800 payable annually, being 0.085% of the proceeds of the Issuance. The percentage is determined with reference to the prevailing market rate chargeable by similar services providers.  : The payment shall be payable within five business days of the Scheme Effective Date for the first anniversary of the Scheme. The payment shall be made on the twenty-second last business day of each calendar year for the remaining Term.

**Other Agreements**

*Property Asset Services Agreements*

Date	:	28 May 2021
Parties	:	<ul style="list-style-type: none"><li>i) each of the Project Companies, a wholly-owned subsidiary of the Company;</li><li>ii) the Scheme Manager, a subsidiary of Capital Group;</li><li>iii) the Fund Manager, a subsidiary of Capital Group;</li><li>iv) Assets Service Agent, which is represented by the respective branch offices of the Assets Service Agent in Hangzhou, Nanchang, Jinan and Hefei and each is a wholly-owned subsidiary of the Company; and</li><li>v) GSUM.</li></ul>
Subject matter	:	Pursuant to the Property Asset Services Agreements, subject to the Scheme becoming effective, the Assets Service Agent is entrusted with the operation and management of the Properties, including but not limited to the commercialization, renting, promotion and maintenance of the Properties. The Property Asset Services Agreements have commenced upon the Scheme Effective Date until the end of the contract term due to events including the maturity of the Scheme.
Basis of determining the fees and payment terms	:	<p>Each of the Project Companies shall pay the Assets Service Agent a quarter of the annual management fee in cash to the Assets Service Agent within 15 business days after the beginning of each quarter.</p> <p>The annual management fee payable by each of the Project Companies is determined with reference to the prevailing market fees chargeable by similar services providers based on a market research conducted by an independent valuer of the Company, estimated market demand and property asset operation and service requirements.</p>



Annual Caps : The annual caps for the total fees payable by the Project Companies to the Assets Service Agent with respect to the transactions contemplated under the Property Asset Services Agreements for each of the three financial years ending 31 December 2021, 2022 and 2023 are fixed at RMB52,912,090.05, RMB56,205,606.38 and RMB59,516,768.35 respectively.

The above-mentioned annual caps is determined with reference to the prevailing market fees chargeable by similar services providers based on a market research conducted by an independent third party of the Company, estimated market demand, revenue to be generated by each Project Company and operating expenses requirements.

*Credit Enhancement Agreement*

Date : 28 May 2021

Parties : (i) the Company;  
(ii) the Scheme Manager (acting on behalf of the Scheme);  
(iii) the Fund Manager (acting on behalf of the Fund);  
and  
(iv) BCL.

Subject Matter : the Company will bear liability in respect of, amongst others (i) any shortfall in the event that the Scheme does not have sufficient funds to pay the required distributions to Senior Class ABS Holders, including their principal and their annual return as per the fixed coupon rate; (ii) operational expenses, external debts and capital expenses of the Project Companies; (iii) tax, obligation and liability exposures to the Fund and the Project Companies prior to the establishment of the scheme, if any; and (iv) breach of contractual obligations resulting from entrusting the Assets Service Agent with the management of the daily operations of the Properties, if any.

The Company will bear liability to the Scheme and BCL shall provide guarantee for such top-up obligations of the Company in respect of the obligations arising from the Credit Enhancement Agreement.

*Right of First Refusal Agreement*

Date : 28 May 2021

Parties : (i) the Company;

(ii) BCL;

(iii) the Scheme Manager (acting on behalf of the Scheme); and

(iv) the Fund Manager (acting on behalf of the Fund).

Subject Matter : the Company will be granted the right of first refusal to acquire (a) all the units of the Fund held by the Scheme and other assets of the Scheme; (b) all the equity and debt interests of the Project Companies held by the Fund; and (c) all the Properties or the underlying interests held by the Project Companies in the event that the Scheme proceeds to its maturity disposal stage (being normally commencing from the end of second year after the Scheme Effective Date) (the “**Right of First Refusal**”). In return, the Company or any company nominated by the Company may have to pay a fee in cash to the Fund per year in respect of the Right of First Refusal in accordance with the terms as stipulated in the Right of First Refusal Agreement having considered (i) the amount of fixed coupon payment and Scheme expenses and (ii) the balance of the bank account(s) of the Fund after deducting the fees and expenses relating to the Fund.

Further, at any time during the Term, the Company shall also have the Right of First Refusal in the event that the Scheme Manager (acting on behalf of the Scheme) disposes of its assets pursuant to the Scheme upon the occurrence of certain early disposal triggering events. BCL shall provide guarantee for the payment obligations of the Company in respect of the obligations arising from the Right of First Refusal Agreement.

## **REASONS FOR AND BENEFITS OF INTERNAL RESTRUCTURING, THE ISSUANCE AND THE ENTERING INTO OF THE ABS AGREEMENTS**

The board of directors of BCL and the board of directors of the Company are confident of the performance of the Properties and consider that the Scheme will serve as a channel for the Group to securitize the Properties and raise funds from the capital market, while the Group would continue to enjoy the economic benefits generated from the Properties as the financial results of the Project Companies will remain consolidated into the financial statements of the Group. The cash flow generated from the Issuance will provide further support to the development of the businesses of the Group.

Based on the above, the directors of the Company (including the independent non-executive directors of the Company) and the directors of BCL are of the view that the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of BCL and the Company and the respective shareholders as a whole.

Save for Mr. Zhong Beichen (being a common director of BCL and the Company), Mr. Wang Hao (being a member of the management team of Beijing Capital Group Co. Ltd.\* (北京首都創業集團有限公司)) and Ms. Qin Yi (being the board secretary of BCL), who have all voluntarily abstained from voting), to the best knowledge of the Company having made all reasonable enquiries, none of the other directors of the Company had a material interest in the Internal Restructuring Documents and the ABS Agreements under the Listing Rules and therefore no other Director was required to abstain from voting on the relevant resolution(s) of the board of directors of the Company approving the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder.

### **INFORMATION OF BCL**

BCL 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). BCL 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 properties, creative industries and rental housing.

### **INFORMATION OF THE COMPANY, THE ORIGINAL EQUITY HOLDER AND SHANGHAI JUQUE**

The Company was incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1329). The Company is an investment holding company and the Group is principally engaged in commercial property development, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets rental property projects in the PRC.

The Original Equity Holder, Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd\*, is a wholly-owned subsidiary of the Company. The Original Equity Holder is principally engaged investment holding and asset management in the PRC. The Original Equity Holder is also an indirect wholly owned subsidiary of the Company.

Shanghai Juque, an indirect wholly-owned subsidiary of the Company, is principally engaged in investment holding.

## **INFORMATION OF THE SCHEME MANAGER AND THE FUND MANAGER**

The Scheme Manager, Capital Securities Corporation Limited\* (formerly known as Capital Securities Company Limited\*), is a company established in the PRC with limited liability and is owned as to approximately 63.08% by Capital Group, 19.23% by Beijing Infrastructure Investment Co., Ltd.\* (北京市基礎設施投資有限公司) which is ultimately held by the Beijing Municipal People's Government (北京市人民政府), 9.23% by Beijing Energy Group Co., Ltd.\* (北京能源集團有限責任公司) which is ultimately held by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government (北京市人民政府國有資產監督管理委員會), 6.15% by City Dynamics (Beijing) Investment Co., Ltd. (城市動力(北京)投資有限公司) which is ultimately held by Zhang Guosheng\* (張國勝) which is an Independent Third Party of the Company and 2.31% by Beijing Anpeng Industrial Investment Co., Ltd.\* (北京安鵬興業投資有限公司) which is ultimately held by the People's Government of Bengbu City (State-owned Assets Supervision and Administration Commission of Bengbu City) (蚌埠市人民政府(蚌埠市國有資產管理委員會)). The Scheme Manager is principally engaged in the businesses of securities brokerage, advising on securities investment, securities underwriting and sponsorship, securities proprietary trading, sales of securities investment funds, securities asset management, and securities margin financing.

The Fund Manager, Shouzheng Desheng Capital Management Co., Ltd., is a wholly-owned subsidiary of the Scheme Manager and is principally engaged in investment management, financial advisory. Both the Scheme Manager and the Fund Manager are subsidiaries of Capital Group, the controlling shareholder of BCL.

The ultimate beneficial owner of Capital Group is State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

## **INFORMATION OF GSUM, THE FUND CUSTODIAN AND THE LOAN CUSTODIAN**

GSUM, GSUM Real Estate Fund Management Co. Ltd., is principally engaged in investment banking in the real estate and infrastructure sectors, investment business and corporate advisory services business. Its ultimate holder is Zhou Qian\* (周芊) which is an Independent Third Party of the Company.

Each of the Fund Custodian and the Loan Custodian is a branch of China Merchant Banks Co., Ltd., which is a joint stock company incorporated in the PRC with limited liability and the A Shares and the H Shares of which are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively (A share Stock Code: 600036; H Share Stock Code: 03968;). China Merchant Bank Co., Ltd. provides customers with various wholesale and retail banking products and services, and maintains treasury businesses with proprietary purpose and on behalf of their customers. China Merchant Bank Co., Ltd. is an Independent Third Party of the Company.

## INFORMATION OF THE PROJECT COMPANIES, THE SELLERS AND THE PROPERTIES

### The Project Companies and the Properties

Each of the Project Companies is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. They are principally engaged in investment holding for the purpose of holding the Properties, which are used as capital outlets and parking slots in Hangzhou, Nanchang, Jinan and Hefei. The particulars of the Properties are set out as follows:

<b>Property name</b>	:	<b>Hangzhou Capital Outlets</b>	<b>Nanchang Capital Outlets</b>	<b>Jinan Capital Outlets</b>	<b>Hefei Capital Outlets</b>
<b>Property owner</b>	:	Hangzhou Capital Outlets Property Limited	Jiangxi Capital Outlets Development Company Limited	Jinan Shouju Real Estate Ltd.	Hefei Chuangju Outlets Commercial Development and Management Co., Ltd.
<b>Total site area (sq.m.)</b>	:	101,690	56,830	114,930	87,910
<b>Total construction area (sq.m.)</b>	:	112,280	129,700	121,520	96,270
<b>Land use (sq.m.)</b>	:	Outlets: 88,980 Parking Space: 23,300	Outlets: 85,240 Parking Space: 44,460	Outlets: 76,990 Parking Space: 44,530	Outlets: 75,230 Parking Space: 21,040

### The Sellers

#### *Hangzhou Capital Outlets*

Zhejiang Outlets Real Estate Co., Ltd.\* (浙江奥特莱斯置业有限公司) is a company incorporated in PRC with limited liability. It is principally engaged in investment holding of the entire equity interest in Hangzhou Capital Outlets Property Limited. It is also an indirect wholly-owned subsidiary of the Company.

#### *Nanchang Capital Outlets*

Beijing Jinfu Longding Investment Management Co., Ltd.\* (北京锦富龙鼎投资管理有限公司) is a company incorporated in PRC with limited liability. It is principally engaged in investment holding of the entire equity interest in Jiangxi Capital Outlets Development Company Limited. It is also an indirect wholly-owned subsidiary of the Company.

### ***Jinan Capital Outlets***

Beijing Hengsheng Huaxing Investment Management Co., Ltd.\* (北京恒盛華星投資管理有限公司) is a company incorporated in PRC with limited liability. It is principally engaged in investment holding of the entire equity interest in Jinan Shouju Real Estate Ltd.. It is also an indirect wholly-owned subsidiary of the Company.

### ***Hefei Capital Outlets***

Shanghai Juque Investment Management Co., Ltd.\*(上海鉅譽投資管理有限公司) and Capital Juda Operation Limited \* (首創鉅大營運有限公司) are incorporated in PRC and Hong Kong, respectively and with limited liability. They are principally engaged in investment holding in which each of Shanghai Juque Investment Management Co., Ltd.\* and Capital Juda Operation Limited held 60% and 40% respectively of the equity interest in Hefei Chuangju Outlets Commercial Development and Management Co., Ltd.. They are also indirect wholly-owned subsidiaries of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **As regards BCL**

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which is the controlling shareholder and a connected person of the Company. Since both the Scheme Manager and the Fund Manager are subsidiaries of Capital Group, they are associates of Capital Group and thus the connected persons of BCL under Chapter 14A of the Listing Rules. The entering into of the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder constitute connected transaction and continuing connected transactions of BCL under Chapter 14A of the Listing Rules respectively.

On 17 February 2020, BCL and the Scheme Manager entered into the financial services framework agreement in relation to the provision of services to the BCL Group for the future offering of bonds and/or products in relation to assets securitization by acting as an underwriter and/or a manager from 17 February 2020 to 31 December 2022. Thus, all the fees payable under the ABS Agreements will be included into the said financial services framework agreement. Details are set out in the announcement of BCL dated 17 February 2020. Thus, this joint announcement is made by BCL on a voluntary basis.

## **As regards the Company**

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which is the controlling shareholder and a connected person of the Company. Since both the Scheme Manager and the Fund Manager are subsidiaries of Capital Group and associates of BCL, they are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the Internal Restructuring Documents and the ABS Agreements and the transactions contemplated thereunder constitute connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules respectively.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual fees payable by the Group to Scheme Manager and the Fund Manager for the transactions contemplated under all the ABS Agreements are more than 0.1% but below 5%, all the transactions contemplated under the ABS Agreements, are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“ABS”	the Senior Class ABS and the Subordinated Class ABS, together in an amount not exceeding RMB3,268,000,000
“ABS Agreements”	collectively, the Project Cooperation Agreement, the Fund Contract, the Property Asset Services Agreements, the Credit Enhancement Agreement and the Right of First Refusal Agreement
“ABS Holder(s)”	holder(s) of the ABS
"Assets Service Agent"	the respective branch offices of the Original Equity Holder established in Hangzhou, Nanchang, Jinan and Hefei
“associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)”	each shall have the meaning ascribed to it under the Listing Rules



“BCL”	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 on 5 December 2002, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868), the indirect controlling shareholder of the Company
“BCL Group”	BCL and its subsidiaries (excluding the 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 the Beijing Municipal Government, a controlling shareholder of BCL and a connected person of BCL
“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Completion Date”	the date on which the Disposal is completed
“Credit Enhancement Agreement”	has the meaning scribed thereto in the section headed “ABS AGREEMENTS – Other Agreements – Credit Enhancement Agreement” in this announcement
“Disposal”	the internal disposal of the entire equity interests and the shareholders’ loans in the Project Companies by the Sellers to the Fund pursuant to terms of the Equity Transfer Agreements
“Equity Transfer Agreements”	collectively, <ul style="list-style-type: none"> <li>(1) the equity transfer agreement entered into between Zhejiang Outlets Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司) (as seller) and the Fund, as purchaser represented by the Fund Manager, in respect of the sale and purchase of the entire equity interest in the Project Company holding Hangzhou Capital Outlets on 28 May 2021;</li> </ul>

- (2) the equity transfer agreement entered into between Beijing Jinfu Longding Investment Management Co., Ltd.\* (北京錦富龍鼎投資管理有限公司) (as seller) and the Fund, as purchaser represented by the Fund Manager, in respect of the sale and purchase of the entire equity interest in the Project Company holding Nanchang Capital Outlets on 28 May 2021;
- (3) the equity transfer agreement entered into between Beijing Hengsheng Huaxing Investment Management Co., Ltd.\* (北京恒盛華星投資管理有限公司) (as seller) and the Fund, as purchaser represented by the Fund Manager, in respect of the sale and purchase of the entire equity interest in the Project Company holding Jinan Capital Outlets on 28 May 2021; and
- (4) the equity transfer agreement entered into between Shanghai Juke Investment Management Co., Ltd.\* (上海鉅譽投資管理有限公司) and Capital Juda Operation Limited (首創鉅大營運有限公司) (as sellers) and the Fund, as purchaser represented by the Fund Manager, in respect of the sale and purchase of the entire equity interest in the Project Company holding Nanchang Capital Outlets on 28 May 2021, and each a “**Equity Transfer Agreement**”

“Fund”	Zhonglian BCG – Capital Outlets Phase II Private Equity Investment Fund* (中聯首正德盛-首創鉅大奧特萊斯二期私募股權投資基金)
“Fund Contract”	the fund contract entered into among the Fund Manager, the Fund Custodian, the Original Equity Holder in relation to the management of the Fund on 28 May 2021
“Fund Custodian”	Hangzhou Branch of China Merchant Bank Co., Ltd.

“Fund Units Transfer Agreement”	the fund units transfer agreement entered into among the Original Equity Holder, the Scheme Manager (acting as the manager of the Scheme) and the Fund Manager (acting as the manager of the Fund) in relation to the transfer of the Target Fund Units to the Scheme on 28 May 2021
“Fund Manager”	Shouzheng Desheng Capital Management Co., Ltd.* (首正德盛資本管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Scheme Manager
“Group”	the Company and its subsidiaries
“GSUM”	GSUM Real Estate Fund Management Co. Ltd., the investment consultant to the Fund
“Independent Third Party(ies)”	independent third party(ies) not connected with the BCL and the Company and their connected persons, having the meaning ascribed to such term in the Listing Rules
“Internal Restructuring”	certain internal restructuring to be undertaken by the Group of its interest in the Properties in preparation for the Issuance
“Internal Restructuring Documents”	being all the agreements contemplated under the Internal Restructuring, including the Equity Transfer Agreements, the Fund Units Transfer Agreement, the Subscription Agreement
“Issuance”	the proposed issuance of the ABS by the Scheme to the ABS Holders
“Loan Custodian”	Hangzhou Branch of China Merchant Bank Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Equity Holder” or “Subordinated Class ABS Holder”	Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd.* (珠海橫琴恒盛華創商業管理有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China

“Project Companies”	collectively, (i) Hangzhou Capital Outlets Property Limited (杭州首創奧特萊斯置業有限公司), which holds the Hangzhou Capital Outlets; (ii) Jiangxi Capital Outlets Development Company Limited (江西首創奧特萊斯置業有限公司), which holds the Nanchang Capital Outlets; (iii) Jinan Shouju Real Estate Ltd. (濟南首鉅置業有限公司) which holds the Jinan Capital Outlets; and (iv) Hefei Chuangju Commercial Development and Management Co., Ltd. (合肥創鉅奧萊商業管理有限公司) which holds the Hefei Capital Outlets, each a wholly-owned subsidiary of the Company as at the date of this announcement and each a <b>“Project Company”</b>
“Project Cooperation Agreement”	has the meaning scribed thereto in the section headed “ABS AGREEMENTS – the Project Cooperation Agreement” in this announcement
“Properties”	collectively, the Nanchang Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Hefei Capital Outlets
“Property Asset Services Agreements”	the property asset services agreements entered into among each of the Project Companies, the Scheme Manager (acting on behalf of the Scheme), the Fund Manager (acting on behalf of the Fund), the Assets Service Agent and GSUM on 28 May 2021
“Right of First Refusal”	has the meaning ascribed therein in the section headed “The Scheme and the Subscription – Right of First Refusal Agreement” in this announcement
“Right of First Refusal Agreement”	the Right of First Refusal Agreement entered into among the Company, BCL, the Scheme Manager (acting on behalf of the Scheme) and the Fund Manager (acting on behalf of the Fund) on 28 May 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	Zhonglian BCG – Capital Outlets Phase II Asset-backed Securities Scheme* (中聯首創證券-首創鉅大奧特萊斯二期資產支持專項計劃), a n asset-backed securities scheme set up for the purpose of securitizing the Properties by issuing the ABS to the ABS Holders

“Scheme Effective Date”	the date on which the Scheme becoming effective, being 28 May 2021
“Scheme Manager”	Capital Securities Company Limited* (首創證券股份有限公司), a company incorporated in the PRC with limited liability and the parent company of the Fund Manager
“Sellers”	collectively means Zhejiang Outlets Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司), Beijing Jinfu Longding Investment Management Co., Ltd.* (北京錦富龍鼎投資管理有限公司), Beijing Hengsheng Huaxing Investment Management Co., Ltd.* (北京恒盛華星投資管理有限公司, Shanghai Juque Investment Management Co., Ltd.*(上海鉅譽投資管理有限公司) and Capital Juda Operation Limited (首創鉅大營運有限公司)
“Senior Class ABS”	senior class asset-backed securities in the principal amount of RMB2,600,000,000 issued pursuant to the Scheme
“Senior Class ABS Holders”	holders of Senior Class ABS, being qualified investors in the PRC and Independent Third Parties of BCL and the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Company
“Shareholder(s)”	the holder(s) of the Shares
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Class ABS”	subordinated class asset-backed securities in the principal amount of RMB668,000,000 issued pursuant to the Scheme
“Subscription”	the subscription of the Subordinated Class ABS by the Original Equity Holder pursuant to the provisions of the Subscription Agreement

“Subscription Agreement”	the Subscription Agreement entered into by the Original Equity Holder in respect of its Subscription of the Subordinated Class ABS under the Scheme on 28 May 2021
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Fund Units”	the entire interest held by the Original Equity Holder in the Fund, being 3,266,300,000 units with a nominal value of RMB1.00 each, of which RMB10,000,000 has been paid up by the Original Equity Holder and RMB3,256,300,000 has been paid up by the Scheme
“Term”	the term of the Scheme, which shall commence on the Scheme Effective Date and end on the 3rd anniversary of the Scheme Effective Date
“%”	per cent.

\* *For identification purpose only*

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

By Order of the Board  
**Beijing Capital Grand Limited**  
**Lee Sze Wai**  
*Company Secretary*

Hong Kong, 28 May 2021

*As of the date of this announcement, the board of BCL 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, Ms. Sun Baojie 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.*

*As at the date of this announcement, the board of the Company comprises Mr. Zhong Beichen (Chairman) and Mr. Feng Yujian (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Yang, Paul Chunyao as non-executive Directors; Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive Directors.*