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BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

INSIDE INFORMATION

PROPOSED ISSUANCE OF ASSET-BACKED SECURITIES IN THE PRC BY A SUBSIDIARY OF THE COMPANY

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that the Company has arranged the establishment of the Scheme, an asset-backed securities scheme known as Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創-首創鉅大奧特萊斯一號第一期資產支持專項計畫), which proposed to issue the ABS in the total principal amount of RMB3,579,000,000 for the purpose of securitizing the Properties held by the Group, namely the Fangshan Capital Outlets and the Kunshan Capital Outlets, and raising funds for the operation and development of the businesses of the Group.

BACKGROUND – STRUCTURE OF THE SCHEME

In preparation for the Issuance of the ABS, Hengsheng Huachuang (a wholly-owned subsidiary of the Company) has arranged the establishment of the Scheme and the Fund. The Scheme will issue the ABS and inject all of the proceeds from the Issuance into the Fund and the Fund will in turn use such capital to acquire the entire equity interests in and also provide shareholder loans to the Project Companies (the “**Internal Restructuring**”).

Upon completion of the Issuance and the Internal Restructuring, the Scheme will hold the entire interest in the Fund, which will in turn hold the entire equity interests in the Project Companies. The Project Companies will continue to hold the respective Properties and will entrust Hengsheng Huachuang with the management of the daily operations of the Properties. Each of the Scheme, the Fund and the Project Companies will be accounted for as a subsidiary of the Company and their financial results will remain consolidated into the financial statements of the Group.

MAJOR TERMS OF THE ISSUANCE OF THE ABS

The ABS to be issued pursuant to the Scheme will be divided into (i) the Senior Class ABS in the principal amount of RMB2,700,000,000, accounting for approximately 75.44% of the total Issuance; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000, accounting for approximately 24.56% of the total Issuance.

There will not be any public offering of the ABS. It is proposed that the Senior Class ABS will be issued to one or more qualified investors (which are Independent Third Parties) by way of private placing, while all of the Subordinated Class ABS will be issued to Hengsheng Huachuang. An application has been made to and subject to the approval of the Shenzhen Stock Exchange, 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 “**Listing**”). The Subordinated Class ABS will not be listed.

Condition of the Issuance

The Issuance is conditional upon the approval of Shenzhen Stock Exchange for the Listing.

Maturity term of the ABS

Both the Senior Class ABS and the Subordinated Class ABS will have a maturity term of five years (the “**Term**”). Upon the fourth anniversary after the establishment of the Scheme, the Scheme shall enter its maturity disposal stage (the “**Maturity Disposal Stage**”) during which the Scheme will dispose of and realize its assets. The Company shall have a right of first refusal (the “**Right of First Refusal**”) to acquire (i) all of the interests in the Fund and other assets held by the Scheme; (ii) all or part of the equity interests in the Project Companies held by the Fund and the shareholder loans owed by the Project Companies to the Fund; or (iii) all or part of the Properties or the underlying interests held by the Project Companies, when the Scheme enters the Maturity Disposal Stage or in the event that the Scheme shall dispose of its assets upon the occurrence of certain early disposal triggering events. Should the Company decide not to exercise the Right of First Refusal, the Scheme may dispose of its assets to other third parties.

Upon the expiry of the Term, the Scheme shall repay the principal amount of the Senior Class ABS in full, and the holder of the Subordinated Class ABS shall be entitled to all residual amount after full repayment of the principal amount 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 the proceeds to the ABS Holders pursuant to the Scheme.

The Senior Class ABS

The Senior Class ABS will have a fixed coupon rate of 5.2% per annum, payable annually during the Term. The Senior Class ABS have received a credit rating of “AAAsf” from China Chengxin Securities Rating Co., Ltd.* (中誠信證券評估有限公司), 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 will not have a fixed coupon rate, but will entitle their holder all remaining distributions of the Scheme after payment of the fixed coupon and repayment of the principal amount of the Senior Class ABS to the holders of the Senior Class ABS and deduction of the related costs and expenses of the Scheme and the Fund. The Subordinated Class ABS will be treated as equity investment of Hengsheng Huachuang from an accounting perspective.

Ancillary arrangements

Under the Scheme, the Company shall have top-up obligations in respect of any shortfall in the event that the Scheme does not have sufficient assets for the full repayment of the principal amount of the Senior Class ABS upon the expiry of the Term. BCL shall provide guarantee for such top-up obligations of the Company.

In return for the Right of First Refusal, the Company shall pay a fee (the “**Fee**”) to the Scheme yearly in an amount which shall ensure that the Scheme will have sufficient cash flow for the payment of the fixed coupon to the holders of the Senior Class ABS. The Company’s obligation to pay the Fee will be guaranteed by BCL.

REASONS FOR THE ISSUANCE OF THE ABS AND USE OF PROCEEDS

The Company intends to use the proceeds from the Issuance for to replenish the working capital for the daily operation and development of the businesses of the Group.

The Board is confident of the performance of the Properties and considers 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. Therefore, the Directors are of the view that the Issuance is in the interests of the Company and the Shareholders as a whole.

The Issuance is subject to, among others, the approval of the Shenzhen Stock Exchange for the Listing and the prevailing market conditions and therefore may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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 the total principal amount of RMB3,579,000,000
“ABS Holder(s)”	holder(s) of the ABS
“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 controlling Shareholder of the Company
“Board”	the board of Directors
“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)
“Directors”	the director(s) of the Company

“Fund”	Zhonglian Qianyuan – Beijing Capital Grand Outlets No. 1 Phase I Private Equity Investment Fund* (中聯前源-首創鉅大奧特萊斯一號第一期私募股權投資基金)
“Group”	the Company and its subsidiaries
“Hengsheng Huachuang”	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
“Independent Third Party”	independent third party not connected with the Company and its connected persons, having the meaning ascribed to such term in the Listing Rules
“Issuance”	the proposed issuance of the ABS by the Scheme to the ABS Holders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project Companies”	collectively, (i) Beijing Capital Outlets Fangshan Property Investment Co., Ltd.* (北京首創奧特萊斯房山置業有限公司), which holds the Fangshan Capital Outlets; (ii) Capital Outlets (Kunshan) Business Development Co., Ltd.* (首創奧特萊斯(昆山)商業開發有限公司), which holds Phase I of the Kunshan Capital Outlets; and (iii) Capital Dongxing (Kunshan) Business Development Co., Ltd.* (首創東興(昆山)商業開發有限公司), which holds Phase II of the Kunshan Capital Outlets, each a wholly-owned subsidiary of the Company as at the date of this announcement
“Properties”	the Fangshan Capital Outlets and the Kunshan Capital Outlets
“RMB”	Renminbi, the lawful currency of the PRC

“Scheme”	Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創-首創鉅大奧特萊斯一號第一期資產支持專項計畫), an asset-backed securities scheme set up for the purpose of securitizing the Properties by issuing the ABS to the ABS Holders, which is accounted for as a subsidiary of the Company
“Senior Class ABS”	senior class asset-backed securities in the principal amount of RMB2,700,000,000 to be issued pursuant to the Scheme
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Class ABS”	subordinated class asset-backed securities in the principal amount of RMB879,000,000 to be issued pursuant to the Scheme
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
Beijing Capital Grand Limited
Zhong Beichen
Chairman

The PRC, 9 December 2019

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

* For identification purposes only