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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)

**CONTINUING CONNECTED TRANSACTION
RELATING TO THE
PROPERTY MANAGEMENT FRAMEWORK AGREEMENT**

PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

The Board wishes to announce that on 1 June 2020, the Company and BC Property Management entered into the Property Management Framework Agreement, pursuant to which, BC Property Management Group will provide property management services to the properties of the Group from 1 June 2020 to 31 May 2023.

LISTING RULES IMPLICATIONS

BC Property Management is a subsidiary of BCL, the controlling shareholder of the Company, and therefore is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Property Management Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Annual Caps under Property Management Framework Agreement are more than 0.1% but are less than 5%, the transactions contemplated under the Property Management Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

The principal terms of the Property Management Framework Agreement are set out below:

Date

1 June 2020

Parties

- (a) the Company (for and on behalf of the Group); and
- (b) BC Property Management (for and on behalf of the BC Property Management Group).

Scope of property management services

Pursuant to the Property Management Framework Agreement, BC Property Management Group will provide property management services to the properties of the Group including, among others, the formulation and implementation of the overall property management plan; the recruitment, management, training and appraisal of personnel; selection of contractors; energy consumption optimisation; maintenance, cleaning and management of common areas, facilities and ancillary structures; management of car parking; the fire safety and security system management; service quality assurance and green management.

Term

The Property Management Framework Agreement is for a term of three years commencing from 1 June 2020 to 31 May 2023, and unless otherwise agreed among the parties, the parties may negotiate for renewal three months prior to the end of the term and the Company may consider to renew with BC Property Management if it offers the same terms and conditions or better than independent third parties.

Service agreements

The member(s) of the Group and BC Property Management Group may, from time to time and as necessary, enter into separate Service Agreements which will set out the specifications for each property managed by BC Property Management Group provided that any such Service Agreements is entered into in accordance with the terms of the Property Management Framework Agreement and subject to the Annual Caps as determined by the Board.

Pricing basis

The Service Fees for each Service Agreement shall be negotiated on arm's length basis and on normal commercial terms between the member(s) of the Group and BC Property Management Group after taking into account of, among others, (a) the estimated property management related costs of the subject property for the term of the relevant Service Agreement as budgeted by the Group with reference to the aggregate costs incurred by that property in prior financial years; and (b) the application of 15% based on the rate customarily charged by BC Property Management Group to independent third parties on the estimated property management related costs of the subject property as service fees, with reference to the prevailing service fees charged by independent third parties for providing property management services of similar nature and scale.

The Service Fees for the year ending 31 December 2020 will be payable by the end of December 2020 and the Service Fees for the year ending 31 December 2021 and 31 December 2022 will be payable quarterly. The Service Fees for the year ending 31 December 2023 will be payable by the end of June 2023.

PROPOSED ANNUAL CAPS AND BASIS

Pursuant to the Property Management Framework Agreement, BC Property Management Group will provide property management services to the properties of the Group as and when required subject to the Annual Caps, and BC Property Management Group will receive the Service Fees in return. The Annual Caps for the aggregate Service Fees payable by the Group to BC Property Management Group is set out below:

For the period from 1 June 2020 to 31 December 2020	RMB20,000,000
For the year ending 31 December 2021	RMB40,500,000
For the year ending 31 December 2022	RMB43,500,000
For the period from 1 January 2023 to 31 May 2023	RMB18,000,000

In determining the Annual Caps for the aggregate Service Fees, the Company has taken into account of (a) the property management related costs actually incurred by the properties of the Group for prior financial years; (b) the total estimated property management and related costs of the Group's properties for the corresponding period of each Annual Cap with reference to (a) above; (c) the estimated property management related costs of the new properties that the Group will commence operations during the term of the Property Management Framework Agreement; (d) the pricing basis contained in the Property Management Framework Agreement, where the Service Fees are calculated by applying an assumed 15% to the total property management related costs mentioned in (b) and (c) above; and (e) the parties' consensus to adjust the Services Fees by any amount of excess between (i) the actual property management and related costs incurred plus the Services Fees payable and (ii) the property management and related costs budgeted and approved for the term of the Property Management Framework Agreement.

REASONS FOR AND BENEFITS OF THE PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

BC Property Management Group is the property management platform of BCL which has more professional industry experience and greater resource integration advantages. By entering into the Property Management Framework Agreement, it will strengthen the Group's standardized management of external property management companies, enabling service upgrades and innovations, and provide a more competitive customer experience. The Company could leverage on the expertise and experience of the BC Property Management Group, as well as the advantages of economies of scale through centralized procurement, contributing to the reduction of costs relating to third-party service procurement and overall effectiveness in cost management. In addition, through introduction of value adding services such as energy saving schemes, the overall quality and performance of the property management personnel of the Group can be enhanced.

Internal control measures

The Company will adopt internal control measures to ensure that the continuing connected transactions contemplated under the Property Management Framework Agreement are in accordance with the terms and conditions of such agreement, and that the terms and conditions of the Property Management Framework Agreement and the Service Agreements are on normal commercial terms and terms no less favourable than those terms by independent third parties for similar services, including to obtain market information on property management services and comparing with the pricing and other terms of the transactions under the Property Management Framework Agreement.

The independent non-executive Directors will, and the Company will engage its external auditors to, conduct annual review of the continuing connected transactions in accordance with the Listing Rules requirements. Further, designated personnel from each of the Company and BC Property Management will be specifically assigned to ensure sufficient communication between both parties and monitor the implementation of the arrangements under the Property Management Framework Agreement.

After considering the potential value added by the property management services of BC Property Management Group as discussed in the section headed "Reasons for and benefits of the Property Management Framework Agreement" above, the pricing basis taking into account of the prevailing service fees charged by independent third parties for providing property management services of similar nature and scale and the rate customarily charged by BC Property Management Group for providing property management services to independent third parties, the Directors (including the independent non-executive Directors) are of the view that the terms of the Property Management Framework Agreement and the transactions contemplated thereunder are on normal commercial terms or better, 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, no less favourable than those which would be payable to independent third parties in respect of the provision of similar services and in the interests of the Company and the Shareholders as a whole.

None of the Directors was considered to have a material interest in the Property Management Framework Agreement and the transactions contemplated thereunder under the Listing Rules, therefore no Director was required to abstain from voting on the resolution proposed in the meeting of the Board approving the Property Management Framework Agreement and the transactions contemplated thereunder. However, Mr. Zhong Beichen, the chairman of the Board and an executive Director of the Company, is also the president and an executive director of BCL and Ms. Qin Yi, a non-executive Director of the Company, is also the board secretary of BCL and they have voluntarily abstained from voting on the Board resolutions approving the Property Management Framework Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Annual Caps under Property Management Framework Agreement are more than 0.1% but are less than 5%, the transactions contemplated under the Property Management Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION ON THE PARTIES

The Company

The Company was incorporated in the Cayman Islands and its 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 retail property projects in the PRC.

BC Property Management

BC Property Management is a company established in the PRC with limited liability and a wholly-owned subsidiary of BCL as at the date of this announcement. BC Property Management Group is the property management platform of BCL and provides property management services and solutions to properties located in the PRC and overseas.

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 proposed annual caps for the aggregate Service Fees payable by the Group to BC Property Management Group for the periods as set out in the section headed “Proposed Annual Caps and Basis” in this announcement
“BC Property Management”	Beijing Capital Property Management Limited* (首置物業服務有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of BCL as at the date of this announcement and thus a connected person of the Company under Rule 14A.07 of the Listing Rules
“BC Property Management Group”	BC Property Management and its associates
“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), a connected person of the Company under Rule 14A.07 of the Listing Rules
“Board”	the board of Directors
“Company”	Beijing Capital Grand Limited, 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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	person(s) or company(ies) which is/are not connected with the Company, and is/are not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time

“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
“Property Management Framework Agreement”	the property management framework agreement dated 1 June 2020 entered into between the Company and BC Property Management in relation to the provision of property management services by BC Property Management Group to the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement(s)”	the service agreement(s) which may be entered into between the member(s) of the Group and BC Property Management Group pursuant to the Property Management Framework Agreement from time to time in relation to the provision of property management services by BC Property Management Group to the relevant member(s) of the Group
“Service Fee(s)”	the service fee(s) payable by the Group to BC Property Management Group under the Service Agreements
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(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 Grand Limited
Peng Sisi
Company Secretary

Hong Kong, 1 June 2020

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.