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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 PAYMENT OF THE GUARANTEE FEE
PURSUANT TO THE ENTRUSTMENT GUARANTEE AGREEMENT

THE PAYMENT OF THE GUARANTEE FEE PURSUANT TO THE
ENTRUSTMENT GUARANTEE AGREEMENT

On 30 June 2021, Xi'an Xinkai (a wholly-owned subsidiary of the Company) entered into the Entrustment Guarantee Agreement with Capital Group in relation to a guarantee provided by Capital Group, on behalf of Xi'an Xinkai, in favour of China Life Investment as stipulated under the Cooperation Agreements and Xi'an Xinkai shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Cooperation Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which in turn is the controlling shareholder of the Company, and therefore Capital Group is an associate of BCL and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to Xi'an Xinkai by Capital Group by virtue of the Provision of Guarantee by Capital Group; and (ii) the payment of the guarantee fee to Capital Group by Xi'an Xinkai under the Entrustment Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Provision of Guarantee by Capital Group is on normal commercial terms and not secured by any assets of the Group, such transaction is fully exempt under Rule 14A.90 of the Listing Rules; and (ii) one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to Capital Group by Xi'an Xinkai exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 30 June 2021, Xi'an Xinkai (a wholly-owned subsidiary of the Company) entered into the Entrustment Guarantee Agreement with Capital Group in relation to a guarantee provided by Capital Group, on behalf of Xi'an Xinkai, in favour of China Life Investment as stipulated under the Cooperation Agreements and Xi'an Xinkai shall pay a guarantee fee to Capital Group calculated based on 0.7% per annum of the total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Cooperation Agreements.

THE ENTRUSTMENT GUARANTEE AGREEMENT

The principal terms of the Entrustment Guarantee Agreement are set out below:

Date:	30 June 2021
Parties:	(a) Capital Group as the guarantor; and (b) Xi'an Xinkai (a wholly-owned subsidiary of the Company) as the entrusted guarantor.
Guarantee purpose:	the Provision of Guarantee in favour of China Life Investment by Capital Group pursuant to the Guarantee Agreement on behalf of Xi'an Xinkai in connection with the cooperation between Xi'an Xinkai and China Life Investment in the development of the Xi'an First City Project located in Xi'an, the PRC under the Investment Agreement
Maximum total principal amount of guarantee liability:	RMB1,500,000,000, being the maximum amount that Xi'an Xinkai may draw down from the investments from China Life Investment under the Investment Agreement for funding the development of the Xi'an First City Project
Maximum term:	3 years from the date of the Entrustment Guarantee Agreement

Guarantee fee: the guarantee fee is calculated based on 0.7% per annum of the actual amount drawn down by Xi'an Xinkai under the Investment Agreement up to the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Cooperation Agreements

Payment method: the guarantee fee will be paid on an annual basis, to be paid within 10 days from the day of initial release of payment by China Life Investment pursuant to the Investment Agreement; thereafter for every complete year, the anniversary date of such date of initial release of payment by China Life Investment pursuant to the Investment Agreement; and for the last instalment of the guarantee fee, it will be paid following the return of the loan principal

ANNUAL CAPS UNDER THE ENTRUSTMENT GUARANTEE AGREEMENT

The Group and Capital Group did not have any historical transactions in respect of Provision of Guarantee and related payment of the guarantee fee in the past 12 months.

The Annual Caps is based on the maximum guarantee fee payable by the Company under the Entrustment Guarantee Agreement and should be as follows:

	For the period from 30 June 2021 to 31 December 2021 <i>RMB'000</i>	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>	For the period from 1 January 2024 to 30 June 2024 <i>RMB'000</i>
Maximum guarantee fee under the Entrustment Guarantee Agreement	5,250	10,500	10,500	5,250

The calculations for the maximum guarantee fee is based on 0.7% per annum, which is similar or better than that charged for comparable entrustment guarantee arrangements in the market, multiplied by the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Cooperation Agreements of RMB1,500,000,000. In view of the factors above, the Directors consider that the Annual Caps are fair and reasonable.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE ENTRUSTMENT GUARANTEE AGREEMENT

The Xi'an First City Project is currently in the early stages of development and the investment and financing plans under the Cooperation Agreements would alleviate the funding needs for the development of the Xi'an First City Project. The terms of the Entrustment Guarantee Agreement are determined based on arm's length negotiations between Xi'an Xinkai and Capital Group with reference to and in connection with the Cooperation Agreements. Having considered the prevailing market conditions, the Board (including the independent non-executive Directors, but excluding Mr. Wang Hao for the reasons below) is of the view that the entering into of the Entrustment Guarantee Agreement is in the ordinary and usual course of business of the Group and the Entrustment Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Wang Hao is a member of the management team of Capital Group, he is deemed to have interests in the Entrustment Guarantee Agreement. Therefore, Mr. Wang Hao has abstained from approving the Board resolution(s) relating to the Entrustment Guarantee Agreement. Save as the aforesaid, none of the Directors had abstained from approving the Board resolution(s) relating to the Entrustment Guarantee Agreement.

INFORMATION ON THE PARTIES

Xi'an Xinkai

Xi'an Xinkai is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in property development.

Capital Group

Capital Group is a state-owned enterprise owned by the People's Government of Beijing Municipality and is under the direct supervision of the State-Owned Assets Supervision and Administration Commission of the Beijing Municipality. Capital Group has four core businesses, namely environmental protection, infrastructure, real estate and financial services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Capital Group is the controlling shareholder of BCL, which in turn is the controlling shareholder of the Company, and therefore Capital Group is an associate of BCL and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to Xi'an Xinkai by Capital Group by virtue of the Provision of Guarantee by Capital Group; and (ii) the payment

of the guarantee fee to Capital Group by Xi'an Xinkai under the Entrustment Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Provision of Guarantee by Capital Group is on normal commercial terms and not secured by any assets of the Group, such transaction is fully exempt under Rule 14A.90 of the Listing Rules; and (ii) one or more of the applicable percentage ratios in respect of the Annual Caps for payment of the guarantee fee to Capital Group by Xi'an Xinkai exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Annual Caps”	the annual caps based on the maximum amount of the guarantee fee payable by Xi'an Xinkai to Capital Group under the Entrustment Guarantee Agreement for the relevant periods
“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) and the indirect controlling shareholder of the Company
“Board”	the board of Directors
“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, which is the controlling shareholder and an associate of BCL and thus a connected person of the Company
“China Life Investment”	China Life Investment Insurance Asset Management Co., Ltd.* (國壽投資保險資產管理有限公司), a company established under the laws of the PRC with limited liability and an independent third party
“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)

“Cooperation Agreements”	the Investment Agreement and the Guarantee Agreement and related documents
“Director(s)”	the director(s) of the Company
“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into between Xi’an Xinkai and Capital Group on 30 June 2021 in relation to the financial assistance to Xi’an Xinkai by Capital Group by virtue of the Provision of Guarantee
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement entered into between Capital Group and China Life Investment on 21 June 2021 in relation to the Provision of Guarantee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	independent third party(ies) not connected with (within the meaning of the Listing Rules) the Company as far as the Directors are aware after having made all reasonable enquiries
“Investment Agreement”	the investment agreement entered into between Xi’an Xinkai and China Life Investment on 21 June 2021 in relation to the investment and cooperation of the parties in Xi’an First City Project located in Xi’an, the PRC
“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
“Provision of Guarantee”	the provision of guarantee by Capital Group in favour of China Life Investment as stipulated under the Cooperation Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xi’an First City Project”	Phase 8 of Xi’an First City located in Xi’an the PRC and held by Xi’an Xinkai for development

“Xi’an Xinkai” Xi’an Shouchuang Xinkai Development Co., Ltd.* (西安首創新開置業有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company

“%” per cent.

In this announcement, unless the context requires otherwise, the terms “associate”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules.

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

By Order of the Board
Beijing Capital Grand Limited
Zhong Beichen
Executive Director

Beijing, 30 June 2021

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. Zhou Yue 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.