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**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)**

**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 29 July 2021, Trade Horizon (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 in favour of Ping An Bank, by way of the Letter of Guarantee issued by Hangzhou Bank for Capital Group in favour of Ping An Bank, and Trade Horizon 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 Guarantee 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 Trade Horizon 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 Trade Horizon 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 Trade Horizon 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 29 July 2021, Trade Horizon (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 in favour of Ping An Bank, by way of the Letter of Guarantee issued by Hangzhou Bank for Capital Group in favour of Ping An Bank, and Trade Horizon 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 Guarantee Agreements.

## **THE ENTRUSTMENT GUARANTEE AGREEMENT**

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

<b>Date:</b>	29 July 2021
<b>Parties:</b>	(a) Capital Group as the guarantor; and  (b) Trade Horizon (a wholly-owned subsidiary of the Company) as the entrusted guarantor.
<b>Guarantee purpose:</b>	Provision of Guarantee by Capital Group in favour of Ping An Bank, by way of the Letter of Guarantee issued by Hangzhou Bank for Capital Group in favour of Ping An Bank, as security of the Loan provided by Ping An Bank to Trade Horizon under the Loan Agreement. Trade Horizon, Capital Group and Hangzhou Bank have also agreed that Trade Horizon will bear the fees and expenses for the issuance of the Letter of Guarantee by Hangzhou Bank
<b>Maximum total principal amount of guarantee liability:</b>	USD200,000,000, being the maximum principal amount that Trade Horizon may draw down from Ping An Bank under the Loan Agreement

<b>Maximum term:</b>	3 years from the date of the Entrustment Guarantee Agreement
<b>Guarantee fee:</b>	the guarantee fee is calculated based on 0.7% per annum of the actual principal amount drawn down by Trade Horizon under the Loan Agreement up to the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Guarantee Agreements
<b>Payment method:</b>	the guarantee fee will be paid on an annual basis, to be paid within 10 days from the date of initial release of payment by Ping An Bank pursuant to the Loan Agreement; thereafter for every complete year, the anniversary date of such date of initial release of payment by Ping An Bank pursuant to Loan 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 in favour of Ping An Bank and related payment of 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:

	<b>For the period from 29 July 2021 to 31 December 2021 <i>RMB'000</i></b>	<b>For the year ending 31 December 2022 <i>RMB'000</i></b>	<b>For the year ending 31 December 2023 <i>RMB'000</i></b>	<b>For the period from 1 January 2024 to 29 July 2024 <i>RMB'000</i></b>
Maximum guarantee fee under the Entrustment Guarantee Agreement	4,550	9,100	9,100	6,100

The calculations for the maximum guarantee fee is based on 0.7% per annum, which is similar or better than that charged by independent financial institutions in the PRC 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 Guarantee Agreement of USD200,000,000. 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 Provision of Guarantee by Capital Group on behalf of the Group will facilitate Trade Horizon to obtain the Loan from Ping An Bank and enhance the Group's working capital. The terms of the Entrustment Guarantee Agreement are determined based on arm's length negotiations between Trade Horizon and Capital Group with reference to and in connection with the Loan Agreement and the Guarantee 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**

### **Trade Horizon**

Trade Horizon is a company incorporated under the laws of the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in bonds issuance and financing.

### **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 Trade Horizon 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 Trade Horizon 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 Trade Horizon 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 Trade Horizon 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
“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
“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into between Trade Horizon and Capital Group on 29 July 2021 in relation to the financial assistance to Trade Horizon by Capital Group by virtue of the Provision of Guarantee
“Group”	the Company and its subsidiaries
“Guarantee Agreements”	the Letter of Guarantee Agreement and the Letter of Guarantee

“Hangzhou Bank”	the Beijing branch of the Bank of Hangzhou Co., Ltd. (杭州銀行股份有限公司), a joint stock bank established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600926) and an independent third party
“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
“Letter of Guarantee”	the letter of guarantee issued by Hangzhou Bank Beijing Branch on 29 July 2021 in favour of Ping An Bank to secure the repayment of any due and payable principal, interest, banking charge and other fees owed by Trade Horizon to Ping An Bank under the Loan Agreement
“Letter of Guarantee Agreement”	the agreement entered into between Capital Group and Hangzhou Bank on 29 July 2021 in relation to the application by Capital Group for Hangzhou Bank to issue the Letter of Guarantee in favour of Ping An Bank as security for the Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“Loan”	the loan provided by Ping An Bank to Trade Horizon with a principal amount of up to USD200,000,000 for a term of three years pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Trade Horizon and Ping An Bank on 28 July 2021 in relation to the Loan
“Ping An Bank”	Ping An Bank Co. Ltd. (平安銀行股份有限公司), a joint stock bank established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000001) and an independent third party
“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 Ping An Bank, by way of the Letter of Guarantee issued by Hangzhou Bank for Capital Group in favour of Ping An Bank as security of the Loan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Horizon”	Trade Horizon Global Limited (貿景環球有限公司), a company established under the laws of the British Virgin Islands 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, 29 July 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 Director.*