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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 28 September 2022, Shanghai Juque (an indirect wholly-owned subsidiary of the Company) and Capital Group entered into the Entrustment Guarantee Agreement in relation to the guarantee provided by Capital Group on behalf of Shanghai Juque in favour of China Life Investment as stipulated under the Cooperation Agreement and Shanghai Juque 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 the Capital Group.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Group is the controlling shareholder of the Company, and therefore Capital Group is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to Shanghai Juque by Capital Group by virtue of the Provision of Guarantee; and (ii) the payment of the guarantee fee to Capital Group by Shanghai Juque 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 exempted 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 Shanghai Juque exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

On 28 September 2022, Shanghai Juque (an indirect wholly-owned subsidiary of the Company) and Capital Group entered into the Entrustment Guarantee Agreement in relation to the guarantee provided by Capital Group on behalf of Shanghai Juque in favour of China Life Investment as stipulated under the Cooperation Agreements and Shanghai Juque 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 the Capital Group.

## **THE ENTRUSTMENT GUARANTEE AGREEMENT**

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

- Date: 28 September 2022
- Parties: a) Capital Group as the guarantor; and  
b) Shanghai Juque (an indirect wholly-owned subsidiary of the Company) as the entrusted guarantor.
- Guarantee purpose: Capital Group will provide guarantee for Shanghai Juque in favour of China Life Investment in respect of the investment funds drawn down by Shanghai Juque from China Life Investment and provided for the development of the Qingdao Outlets and Xiamen Outlets pursuant to the Cooperation Agreements.
- Maximum total principal amount of guarantee liability: RMB1,000,000,000, being the maximum amount that Shanghai Juque may draw down from China Life Investment as investment funds under the Investment Agreement for funding the development of the Properties.
- 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 total actual principal amount drawn down by Shanghai Juque under the Investment Agreement up to the maximum total principal amount of the guarantee liability assumed by the 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 of the initial release of funds from the Investment Agreement by China Life Investment; thereafter for every complete year (i.e. the anniversary date of such date of initial release of funds from the Investment Agreement by China Life Investment); and the last instalment of the guarantee fee shall be paid immediately following the repayment of principal of the borrowings.

## ANNUAL CAPS UNDER THE ENTRUSTMENT GUARANTEE AGREEMENT

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

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

	<b>For the period from 28 September 2022 to 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>For the period from 1 January 2025 to 27 September 2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum guarantee fee under the Entrustment Guarantee Agreement	1,822	7,000	7,000	5,178

The calculation for the maximum guarantee fee is based on 0.7% per annum, which is similar to 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 the Capital Group as stipulated under the Entrustment Guarantee Agreement of RMB1,000,000,000. In view of the factors above, the Board considers that the Annual Caps are fair and reasonable.

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

The investment funds under the Cooperation Agreement will be used for the development of the Properties and alleviate the funding needs for the development of the Properties. The financial assistance to Shanghai Juque by Capital Group by virtue of the Provision of Guarantee will facilitate Shanghai Juque to obtain the investment funds on better terms from China Life Investment and enhance the Group's working capital. The terms of the Entrustment Guarantee Agreement are determined based on arm's length negotiations between Shanghai Juque 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 be interested 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 OF THE PARTIES**

### **Shanghai Juque**

Shanghai Juque is a company incorporated under the laws of the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company. It is an investment holding platform of the Company.

### **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 People's Government of 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 the Company, and therefore Capital Group is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, (i) the financial assistance to Shanghai Juque by Capital Group by virtue of the Provision of Guarantee; and (ii) the payment of the guarantee fee to Capital Group by Shanghai Juque 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 exempted 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 Shanghai Juque exceed 0.1% but are all less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempted 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 Shanghai Juque to Capital Group under the Entrustment Guarantee Agreement for the relevant periods
“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 a connected person of the Company
“China Life Investment”	China Life Investment Management Company Limited (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, being 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, Guarantee Agreement and relevant documents
“Director(s)”	the director(s) of the Company
“Entrustment Guarantee Agreement”	the entrustment guarantee agreement entered into between Shanghai Juque and Capital Group on 28 September 2022 in relation to the Provision of Guarantee by Capital Group
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement entered into between Capital Group and China Life Investment on 23 June 2022 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 Shanghai Juque and China Life Investment on 23 June 2022 in relation to the provision of investment funds by China Life Investment to Shanghai Juque for the development of the Properties
“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
“Properties”	Qingdao Outlets and Xiamen Outlets
“Provision of Guarantee”	the provision of guarantee by Capital Group in favour of China Life Investment as stipulated under the Cooperation Agreements
“Qingdao Outlets”	Qingdao Outlets (青島奧特萊斯), being the properties located in Qingdao High-tech Zone with a site area of approximately 93,970 square meters
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Juque”	Shanghai Juque Investment Management Co., Ltd (上海鉅礪投資管理有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Outlets”	Xiamen Outlets (廈門奧特萊斯), being the properties located in Xiang’an District, Xiamen, with a site area of approximately 55,660 square meters
“%”	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(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**  
**Peng Sisi**  
*Company Secretary*

Hong Kong, 28 September 2022

*As at the date of this announcement, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Feng Yujian (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Zhao Randolph as non-executive Directors; Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive Directors.*