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BEIJING PROPERTIES (HOLDINGS) LIMITED

北京建設（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

PROPOSED MANDATE IN RELATION TO THE POTENTIAL MAJOR TRANSACTION THROUGH PUBLIC TENDER

THE PROPOSED DISPOSAL

The Company has resolved to dispose of Disposal Interest, being 50% equity interest in the Target Company held by the Vendor which is a wholly owned subsidiary of the Group.

As the Company is a state-controlled listed company, the disposal of the equity interest in the Target Company held by its subsidiary is required by laws and regulations of PRC governing the disposal of state-controlled assets in its subsidiary to undergo the process of public tender through a qualified equity exchange institution.

IMPLICATIONS UNDER LISTING RULES

Based on the preliminary information from the market, there is a potential buyer which has indicated interest to bid for the Proposed Disposal. Based on the amount of the Initial Minimum Purchase Consideration, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Disposal is more than 25% but is less than 75%. Therefore, the Proposed Disposal is expected to constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written Shareholders' approval for the Proposed Mandate to be granted in advance for the Directors to enter into and complete the Proposed Disposal through the Public Tender and the transactions contemplated therein in accordance with Rule 14.44 of the Listing Rules from, Brilliant Bright and BEREHK, a closely allied group of Shareholders. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Brilliant Bright and BEREHK will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be convened by the Company to approve the Proposed Mandate and the transactions contemplated thereunder. A circular containing further information on the Proposed Disposal and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 6 April 2023 in accordance with the Listing Rules to allow sufficient time for the preparation and finalization of certain information of the circular. As the circular will not be despatched to the Shareholders within 15 business days after the publication of this announcement, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

The terms of the Public Tender have yet to be finalized and therefore may be subject to further changes. In addition, as the Proposed Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the Listing Rules as and when appropriate or required.

BACKGROUND

The Company has resolved to dispose of Disposal Interest, being 50% equity interest in the Target Company held by the Vendor which is a wholly owned subsidiary of the Group.

Since the Company is a state-owned enterprise, the Disposal Interest constitutes state-owned assets and the disposal of which is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of state-controlled assets. The Proposed Disposal will be carried out through CBEX and the successful bidder(s) will enter into the Asset Transaction Agreement, with the respective Purchaser according to the relevant rules and regulations of CBEX.

THE PROPOSED DISPOSAL THROUGH PUBLIC TENDER

1. Proposed Disposal

The Vendor intends to dispose of its 50% equity interest in the Target Company through the Public Tender. The Vendor is incorporated in Hong Kong and a wholly owned subsidiary of the Company and is principally engaged in investment holding.

A. *Financial information of the Target Company*

1. *Target Company*

The Vendor currently owns 50% equity interest in the Target Company and intends to dispose of this Disposal Interest through the Public Tender. The Vendor is incorporated in Hong Kong and a wholly owned subsidiary of the Company and is principally engaged in investment holding.

Set out below is a summary of the financial information of the Target Company based on its unaudited financial statements for the years ended 31 December 2022 and 2021 (prepared under the generally accepted accounting principles in Hong Kong):

	For the year ended 31 December 2022 (Unaudited) RMB'000	For the year ended 31 December 2021 (Unaudited) RMB'000
Net profit/(loss) before tax	39,050	(2,708)
Net profit/(loss) after tax	21,876	(2,708)

Based on the management accounts, the unaudited net assets and total assets of the Target Company amounted to approximately RMB248,142,000 and approximately RMB722,550,000 as at 31 December 2022, respectively.

B. Major Terms of Proposed Disposal

Qualification of bidders

The potential bidders shall satisfy, among others, the following qualifications:

1. the potential bidders must not be connected persons (as defined under Chapter 14A of the Listing Rules) of the Group;
2. the potential bidders shall be financially sound and solvent;
3. the potential bidders shall have good business credibility;
4. the potential bidders shall be validly established enterprises or natural persons who shall have full civil capacity; and
5. other qualifications stipulated under the laws and regulations of the PRC or as may be directed by the relevant PRC governmental authorities including CBEX.

Procedures of the Public Tender

To commence the formal process of the Public Tender in respect of the Proposed Disposal, the Vendor will have to submit to CBEX the tender notice setting out, *inter alia*, (a) the Initial Minimum Purchase Consideration; (b) the principal terms of the bid; and (c) descriptions and qualifications of potential bidders. The Vendor will submit the tender notice in respect of the Proposed Disposal to CBEX after the Shareholders have granted the Proposed Mandate. The Publication Period, which is subject to the rules of CBEX for the extension, will initially be 20 Working Days from the date of the respective tender notice. During the Publication Period, qualified bidders may indicate their intention to purchase the Disposal Interest, and register themselves as the interested bidders. Upon the close of the Public Tender, CBEX will notify the Vendor of the identity of the successful bidder(s). As soon as the identity of the successful bidder(s) is confirmed, the Vendor shall enter into the Asset Transaction Agreement with the successful bidder.

As at the date of this announcement, material information of the Asset Transaction Agreement including the bidders, final consideration, payment, delivery and closing date have not been finalized. The Vendor will enter into the Asset Transaction Agreement upon confirmation of the successful bidder and the Company will comply with information disclosure obligations under the Listing Rules. As at the date of this announcement, no agreement has been entered into between the Group and any other party in relation to the Proposed Disposal.

Consideration

(i) Amount

The Initial Minimum Purchase Consideration for the Disposal Interest amounts to RMB145,960,000, which was based on the proposed disposal price from a potential buyer. The adjusted net asset value of the Target Company is RMB132,658,000, which was determined with reference to, among other things, 50% of the total sum of (i) the net asset value of the Target Company as at 31 December 2022 of approximately RMB248,142,000; and (ii) an addition of the deferred tax liability related to the accumulated fair value of the Target Company's investments in the Property under the relevant accounting standard of approximately RMB17,174,000 as at 31 December 2022. The proposed disposal price from the potential buyer is higher than the adjusted net asset value of the Target Company, which reflected a fair value on the Property of the Target Company. Therefore, the Company will apply the proposed acquisition price as the bid price instead of the adjusted net asset value of the Target Company. The Board is of the opinion that the Initial Minimum Purchase Consideration is fair and reasonable.

(ii) Payment terms

The potential bidders for any of the Proposed Disposal shall pay an amount equivalent to no greater than 30% of the minimum consideration for the Disposal Interest to a designated account as deposit. Any deposit paid by the successful bidder shall be deemed to be part payment of the final consideration for the purchase of the Disposal Interest. The full amount of the deposit shall be returned to the other bidders within 3 Working Days after the identity of the successful bidder will be confirmed by CEBX. The final consideration for the sale and purchase of the Disposal Interest, shall equal the winning bid price of the Public Tender, but in any event, shall not be less than the minimum consideration of the Disposal Interest as set out above. The final consideration for the sale and purchase of Disposal Interest shall be paid pursuant to the terms of the Asset Transaction Agreement. Any deposit paid by the successful bidder shall be deemed to be part payment of the final consideration. The Final Purchase Consideration shall be paid in PRC. The Purchaser shall pay the Final Purchase Consideration in full to the Vendor upon Completion.

Conditions precedent to the Proposed Disposal

The entering into and completion of the Proposed Disposal shall be conditional upon, *inter alia*:

- (i) the Company having completed all filing procedures and obtained all necessary consents and approvals regarding the Proposed Disposal; and
- (ii) the Purchaser having all necessary regulatory approval from the relevant authorities for the transfer of the Disposal Interest if required.

Once a Purchaser for the Disposal Interest has been identified, the Vendor is unconditionally obliged under the rules of the CBEX to enter into the Asset Transaction Agreement with such Purchaser and shall, subject to the fulfilment of the conditions precedent and the payment of the consideration by the Purchaser, complete the transaction contemplated thereunder.

Representations and Warranties

The Vendor shall give certain representations and warranties in relation to the Target Group in the Asset Transaction Agreement, including but not limited to: (i) due incorporation and valid existence; (ii) title and ownership in relation to the Vendor's equity interest in Target Company; (iii) compliance with applicable laws and regulations; (iv) financial and business conditions and liabilities; and (v) title and ownership of the Property.

C. Taxation

The Proposed Disposal is subject to payment of PRC tax liabilities in relation to indirect transfer of equity interest in PRC resident enterprises pursuant to the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“**Circular 7**”) issued by the PRC State Taxation Administration on 3 February 2015 and the Announcement on Issues concerning the Withholding of Enterprise Income Tax at Source on Non-Resident Enterprises (《國家稅務總局關於非居民企業間所得稅源泉扣繳有關問題的公告》) (“**Circular 37**”) which became effective on 1 December 2017. In relation to the PRC tax liabilities under Circular 7 and Circular 37, the Vendor and the Purchaser shall report the Proposed Disposal to the relevant tax authorities within 30 days from the execution of the Asset Transaction Agreement.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group is principally engaged in investment, development and operation of (i) high-end and modern general warehouses; (ii) cold chain logistics warehouses; (iii) specialised wholesale market for the trading and distribution of local agricultural products; (iv) modernized industrial plants; and (v) investments in commercial properties and primary land development.

The Company positions itself as a developer of specialized real estate in logistics, cold chain, industrial and commercial sectors as well as primary land development.

The Target Company has completed its development in March 2022. The Company is under restructuring by disposing of the heavy assets and is transforming itself into service provider of cold chain industry. In addition, the Company intends to focus its resources on majority controlled entities. In view of the above, the Company believes that it is the right time to reduce the investment in the Target Company, and the Proposed Disposal will allow the Company to concentrate its resources to develop its new core business.

The Directors (including the independent non-executive Directors) are of the view that the key terms of the Proposed Disposal are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

It is estimated that the Company will realize an unaudited gain before tax of approximately RMB12,482,000 from the Proposed Disposal. The gain is calculated based on the sale proceeds from the Proposed Disposal less the carrying amount of approximately RMB133,478,000 of 50% of the unaudited net book value of the Target Company. Shareholders should note that the actual gain/loss on the Proposed Disposal to be recorded by the Company will depend on the net asset value of the Target Company as at the date of completion of the disposal and is subject to the final audit.

Immediately after the completion of the Proposed Disposal, the Group will not have any interest in Target Company which will cease to be an associate of the Group and the results of the Target Company will not be accounted for in the Group's financial statements by equity accounting.

INTENDED USE OF PROCEEDS

The proceeds of the Disposal Consideration, after deducting related expenses (primarily comprising legal and professional charges) and taxes, is estimated to be approximately RMB143,889,000. It is intended that the net proceeds from the Proposed Disposal shall be used to repay the loans of the Group to reduce continuous finance costs and thus increase the profitability of the Group.

IMPLICATIONS OF THE LISTING RULES

Based on the preliminary information from the market, there is a potential buyer which has indicated interest to bid for the Proposed Disposal. Based on the amount of the Initial Minimum Purchase Consideration, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Disposal is more than 25% but is less than 75%. Therefore, the Proposed Disposal is expected to constitute a major transaction of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approvals for (i) the Proposed Mandate to be granted in advance for the Directors to enter into and complete the Proposed Disposal through the Public Tender and the transactions contemplated therein may be obtained by way of written Shareholders' approvals in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Mandate and the transactions contemplated thereunder; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Proposed Mandate on the Proposed Disposal and the transactions contemplated thereunder.

The Company has obtained written Shareholders' approvals for the Proposed Mandate on the Proposed Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Brilliant Bright Holdings Limited ("**Brilliant Bright**") and Beijing Enterprises Real Estate (HK) Limited ("**BEREHK**"), which are beneficially interested in 1,557,792,500 Shares and 2,526,882,407 Shares respectively, representing approximately an aggregate of 58.61% of the entire issued capital of the Company, as at the date of this announcement. Brilliant Bright is a wholly-owned subsidiary of BEREHK, which is wholly-owned by Beijing Enterprises City Development Group Limited ("**BE City**"). Be City is a wholly-owned subsidiary of Beijing Enterprises Group Company Limited. Accordingly, Brilliant Bright and BEREHK are members of a closely allied group of Shareholders. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Brilliant Bright and BEREHK will be accepted in lieu of holding a general meeting of the Shareholders. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interests in the Proposed Disposal. As such, no Shareholder is required to abstain from voting if the Company were to convene a

general meeting for the approval of the Proposed Mandate and the transactions contemplated thereunder. Accordingly, no physical Shareholders' meeting will be convened by the Company to approve the Proposed Mandate and the transactions contemplated thereunder. A circular containing further information on the Proposed Disposal and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 6 April 2023 in accordance with the Listing Rules to allow sufficient time for the preparation and finalization of certain information of the circular. As the circular will not be despatched to the Shareholders within 15 business days after the publication of this announcement, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

The terms of the Public Tender have yet to be finalized and therefore may be subject to further changes. In addition, as the Proposed Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the Listing Rules as and when appropriate or required.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings as set out below:

“Asset Transaction Agreement”	asset transaction agreement (產權交易合同) to be entered into between the Vendor and the successful bidder of the Public Tender in respect of the Disposal Interest, according to the rules and regulations of CBEX
“BE City”	Beijing Enterprises City Development Group Limited (北京北控城市發展集團有限公司) which is a company established in the PRC and a wholly owned subsidiary of Beijing Enterprises Group Company Limited (北京控股集團有限公司)
“BEREHK”	Beijing Enterprises Real Estate (HK) Limited which is incorporated in the British Virgin Islands and is a wholly owned subsidiary of Beijing Enterprises Group Company Limited (北京控股集團有限公司)
“Board”	the board of Directors
“Brilliant Bright”	Brilliant Bright Holdings Limited which is incorporated in the British Virgin Islands and a wholly owned subsidiary of BEREHK
“CBEX”	China Beijing Equity Exchange

“Company”	Beijing Properties (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 925)
“Director(s)”	director(s) of the Company
“Disposal Interest”	50% equity interest in the Target Company which is to be disposed of by the Vendor through the Public Tender
“Final Purchase Consideration”	the final consideration for the sale and purchase of the Proposed Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Minimum Purchase Consideration”	The initial minimum bid price for the Disposal Interest, being RMB145,960,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China, the purpose of this announcement only, excluding Hong Kong, Taiwan and Macau
“Property”	Beijing-Tianjin Logistics Park, No.555 Xizang Road, Tianjin Pilot Free Trade Zone, Dongjiang Bonded Port Area, Binhai New Area, Tianjin
“Proposed Disposal”	the proposed disposal of the Disposal Interest to an independent third party through the Public Tender
“Proposed Mandate”	general mandate proposed to be granted in advance by the Shareholders to the Directors to enter into and complete the Proposed Disposal through Public Tender
“Public Tender”	the public tender for the Proposed Disposal through CBEX
“Purchaser”	the successful bidder of the Public Tender in respect of the Proposed Disposal

“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the PRC
“Shareholders”	holders of the share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Tianjin Beijing Inland Port Co., Ltd. (天津港北建通成國際物流有限公司), a domestic company established in the PRC, which the Vendor owned 50% of the equity interest in the Target Company
“Target Group”	the Target Company and its subsidiaries
“Vendor”	De Hong Cold Chain Industry Investments (HK) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Working Day(s)”	a day or days other than a Saturday or Sundays, on which banks are open in the PRC to the general public for business
“%”	per cent

For order of the Board
Beijing Properties (Holdings) Limited
Cheng Ching Fu
Company Secretary

Hong Kong, 22 February 2023

For the purpose of illustration in this announcement, figures in Renminbi are translated into Hong Kong dollars at the approximate exchange rate of RMB1 to HK\$1.1318.

The English translation of the Chinese names of the PRC entities mentioned in this announcement does not represent official translation and is included for information only.

As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Cheng Ching Fu, Mr. Yu Luning, Mr. Ng Kin Nam and Mr. Ren Lin are the executive Directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming are the independent non-executive Directors.