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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)

AMENDMENTS TO CERTAIN TERMS AND ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS UNDER THE ENTRUSTED MANAGEMENT AGREEMENT

SUPPLEMENTAL AGREEMENT

Reference is made to the announcement of the Company dated 20 December 2023 in relation to, among other things, the signing of the Entrusted Management Agreement between Hengsheng Huachuang Kunshan and Shouchuang Xinkai (the “**Parties**”), pursuant to which Shouchuang Xinkai has entrusted Hengsheng Huachuang Kunshan to operate and manage the Kunshan Property from 23 December 2023 to 20 June 2024.

Taking into account the gradual development and maturity of the Group’s asset-light operation and management model and in order to steadily promote the strategic deployment of asset-light, realize the export of business management capabilities and brand resources, and achieve diversified revenue growth, and the agreement reached by the Parties after consultation, the Board announced that Hengsheng Huachuang Kunshan and Shouchuang Xinkai entered into the Supplemental Agreement on 30 April 2024, to (1) extend the validity period of the Original Agreement to 20 June 2025; and (2) amend certain terms of the Original Agreement. Accordingly, the Board announced to set new Annual Caps for the financial year ending 2024 and the period ended 20 June 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BCCDG is the controlling shareholder of the Company. Shouchuang Xinkai is a wholly owned subsidiary of BCCDG, hence an associate of BCCDG and a connected person of the Company under Chapter 14A of the Listing Rules. Hengsheng Huachuang Kunshan is a branch company of Hengsheng Huachuang, which is a wholly-owned subsidiary of the Company. Accordingly, entering into the Supplemental Agreement and the Transaction contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Company intends to make material changes to the terms of the Original Agreement and/or revise the Annual Caps, it shall be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions pursuant to Rule 14A.54 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction 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 circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 20 December 2023 in relation to, among other things, the signing of the Entrusted Management Agreement between Hengsheng Huachuang Kunshan and Shouchuang Xinkai (the “**Parties**”), pursuant to which Shouchuang Xinkai has entrusted Hengsheng Huachuang Kunshan to operate and manage the Kunshan Property from 23 December 2023 to 20 June 2024.

Taking into account the gradual development and maturity of the Group's asset-light operation and management model and in order to steadily promote the strategic deployment of asset-light, realize the export of business management capabilities and brand resources, and achieve diversified revenue growth, and the agreement reached by the Parties after consultation, the Board announced that Hengsheng Huachuang Kunshan and Shouchuang Xinkai entered into the Supplemental Agreement on 30 April 2024, to (1) extend the validity period of the Original Agreement to 20 June 2025; and (2) amend certain terms of the Original Agreement. Accordingly, the Board announced to set new Annual Caps for the financial year ending 2024 and the period ended 20 June 2025.

SUPPLEMENTAL AGREEMENT

Date: 30 April 2024

Parties: (a) Shouchuang Xinkai (as the principal)
(b) Hengsheng Huachuang Kunshan (as the entrustee)

Extend the Validity Period: Extend the validity period of the Original Agreement to 20 June 2025

Changes to the Terms of the Original Agreement: (1) Special Management Fee:

The Dedicated Persons agreed under the Original Agreement shall be hired by Hengsheng Huachuang Kunshan through outsourcing to the Independent Third Party, and the resulting labor costs, severance reserves, and relevant administrative expenses shall be included in the Special Management Fee and borne by Shouchuang Xinkai.

According to the Supplemental Agreement, the Parties agreed to change the employment of the Dedicated Persons to be outsourced by Shouchuang Xinkai to the Independent Third Party from 1 May 2024, and the relevant expenses shall be directly borne by Shouchuang Xinkai, and no corresponding Special Management Fee will be incurred while the calculation and collection of other Special Management Fee remain unchanged.

(2) Payment Methods:

The Entrusted Management Fee agreed under the Original Agreement shall be paid in a lump sum amounting to RMB1,200,000 within 20 business days after the official opening for business of the Kunshan Property; and of the Special Management Fee, the first part, being the total sum of actual costs for establishing business and operation team generated in 2023, shall be paid by Shouchuang Xinkai within 20 business days after entering into the Original Agreement; the second part, being the total sum of the actual manpower and administrative expenses generated in the first quarter of 2024, shall be paid within 20 business days after 31 March 2024; the final part, being the actual manpower and administrative expenses generated from 1 April 2024 to 20 June 2024, shall be paid within 20 business days after the expiration of the Original Agreement.

According to the Supplemental Agreement, the Entrusted Management Fee of RMB600,000 shall be paid by Shouchuang Xinkai from the date of signing the Supplemental Agreement to Hengsheng Huachuang Kunshan on 20 June 2024, 20 September 2024, 20 December 2024 and 20 March 2025, respectively. Of the Special Management Fee, the manpower and administrative expenses incurred from 1 April 2024 to 30 April 2024 shall be paid by 20 June 2024; thereafter, from the date of signing the Supplemental Agreement, the actual Special Management Fee shall be paid by Shouchuang Xinkai within two months after completing the operation and management services every three months, except for the Special Management Fee incurred during the period from 1 February 2025 to 20 June 2025, which shall be paid within two months after the expiration of the Supplemental Agreement.

Except for the amendments in (1) and (2) above, all terms and conditions of the Original Agreement remain unchanged.

HISTORICAL TRANSACTION AMOUNTS AND NEW ANNUAL CAPS

The table below sets out the actual historical transaction amounts received from Shouchuang Xinkai in respect of the relevant transactions under the Original Agreement for the period from 1 January 2024 to 30 April 2024:

	Historical Transaction Amount
Entrusted Management Fee	RMB800,000
Special Management Fee	RMB2,300,000

The table below sets out the new Annual Caps for the relevant transactions contemplated under the Original Agreement and/or the Supplemental Agreement for the period from 1 January 2024 to 31 December 2024 and for the period from 1 January 2025 to 20 June 2025:

	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 20 June 2025
Entrusted Management Fee	RMB2,400,000	RMB1,200,000
Special Management Fee	RMB4,800,000	RMB1,550,000
New Annual Caps	RMB7,200,000	RMB2,750,000

In determining the new Annual Caps, the Company has taken into account of (a) the level of Entrusted Management Fee chargeable to the Independent Third Party by the Company for providing such services of similar nature and scale; (b) the quotations of the similar service from other service providers in the market; and (c) the estimated labor costs and administrative expenses.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Board considers that the transactions contemplated under the Supplemental Agreement could steadily promote the strategic deployment of asset-light, realize the export of commercial management capabilities and brand resources, and realize diversified revenue growth. The terms of the Supplemental Agreement are determined based on arm's length negotiation among the Parties. The Board (including the independent non-executive Directors, with the exception of Mr. Fan Shubin, Mr. Xie Hongyi and Ms. Qin Yi for the reasons as set out below), considers that the terms of the Supplemental Agreement are fair and reasonable and on normal or better commercial terms, and that the transactions contemplated under the Supplemental Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

As Mr. Fan Shubin (the Chairman of the Board and an executive Director of the Company) also serves as an executive director and the general manager of BCCDG, Mr. Xie Hongyi (an executive Director and the Chief Executive Officer of the Company) also serves as a deputy general manager of BCCDG

and Ms. Qin Yi (a non-executive Director of the Company) also serves as a non-executive director of BCCDG, they have abstained from voting on the Board resolution(s) in relation to the entering into of the Supplemental Agreement. Save as the aforesaid, none of the Directors has a material interest in the transactions contemplated under the Supplemental Agreement which required them to abstain from voting on the Board resolution(s) to approve the same.

INFORMATION OF THE PARTIES

Shouchuang Xinkai

Shouchuang Xinkai is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of BCCDG. It is principally engaged in the development of commercial projects and real estate, the sale of properties.

Hengsheng Huachuang

Hengsheng Huachuang is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is the commercial management platform of the Company.

Hengsheng Huachuang Kunshan

Hengsheng Huachuang Kunshan is the branch company of Hengsheng Huachuang in Kunshan, Jiangsu Province, the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BCCDG is the controlling shareholder of the Company. Shouchuang Xinkai is a wholly owned subsidiary of BCCDG, hence an associate of BCCDG and a connected person of the Company under Chapter 14A of the Listing Rules. Hengsheng Huachuang Kunshan is a branch company of Hengsheng Huachuang, which is a wholly-owned subsidiary of the Company. Accordingly, entering into the Supplemental Agreement and the Transaction contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Company intends to make material changes to the terms of the Original Agreement and/or revise the Annual Caps, it shall be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions pursuant to Rule 14A.54 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction 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 circular and independent shareholders' approval requirements 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 amounts of the Transaction, being the total sum of the Entrusted Management Fee and the Special Management Fee
“BCCDG”	Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company and a wholly-owned subsidiary of Capital Group
“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
“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), 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)
“Dedicated Persons”	the leasing and operation management staff especially established for the Kunshan Property
“Director(s)”	the director(s) of the Company
“Original Agreement” or “Entrusted Management Agreement”	the entrustment management agreement entered into between Hengsheng Huachuang Kunshan and Shouchuang Xinkai on 20 December 2023, in relation to the provision of the operation and management services to the Kunshan Property by Hengsheng Huachuang Kunshan, which shall be effective from 23 December 2023 to 20 June 2024
“Supplemental Agreement”	the supplemental agreement entered into between Hengsheng Huachuang Kunshan and Shouchuang Xinkai on 30 April 2024, to (1) extend the validity period of the Original Agreement to 20 June 2025; and (2) amend certain terms of the Original Agreement
“Entrusted Management Fee”	the fee of operation and management for the Kunshan Property
“Group”	the Company and its subsidiaries

“Hengsheng Huachuang”	Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd.* (珠海橫琴恒盛華創商業管理有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Hengsheng Huachuang Kunshan”	Hengsheng Huachuang Kunshan is the branch of Hengsheng Huachuang (珠海橫琴恒盛華創商業管理有限公司昆山分公司)
“Independent Third Party”	independent third party not connected with the Company and its connected persons, having the meaning ascribed to it in the Listing Rules
“Kunshan Property”	Kunshan shopping mall, is located in the development zone of Kunshan, Jiangsu with total gross floor area of approximately 110,560 square meters
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shouchuang Xinkai”	Kunshan Shouchuang Xinkai Property Co., Ltd.* (昆山市首創新開置業有限公司), a wholly-owned subsidiary of BCCDG as at the date of this announcement
“Special Management Fee”	the fee of human resources, administration and severance compensation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction” the provision of operation and management services by Hengsheng Huachuang Kunshan under the Original Agreement and/or the Supplemental Agreement

“%” 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.

By order of the Board
Beijing Capital Grand Limited
Xie Hongyi
Executive Director

Hong Kong, 30 April 2024

As at the date of this announcement, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi and Mr. Zhai Senlin as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors.

* *For identification purposes only*