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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 12 July 2024, 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 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 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 12 July 2024, 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:	12 July 2024
Parties:	(a) Capital Group as the guarantor; and (b) Xi'an Xinkai (a wholly-owned subsidiary of the Company) as the entrusted guarantor
Subject:	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 financing arrangements under the Investment Agreement and the Supplementary Agreement
Maximum total principal amount of guarantee liability:	RMB800,000,000, being the maximum amount that Xi'an Xinkai may draw down from the investments from China Life Investment under the Supplementary Agreement for funding the development of the Xi'an First City Project
Term:	a term of three years commencing from the 1 July 2024 to 30 June 2027 (both days inclusive)
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 Supplementary 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, and the first guarantee fee shall be paid within 10 days from the date of signing the Supplementary Agreement; thereafter payable for every complete year (i.e., on the anniversary of the effective date of the Supplementary 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 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 1 July 2024 to 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000	For the year ending 31 December 2026 RMB'000	For the period from 1 January 2027 to 30 June 2027 RMB'000
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Maximum guarantee fee under
the Entrustment Guarantee
Agreement

<u>2,900</u>	<u>5,600</u>	<u>5,600</u>	<u>2,900</u>
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The calculations for the maximum guarantee fee is based on 0.7% per annum, which (i) is similar or better than that charged for comparable entrustment guarantee arrangements in the market; (ii) is same with the historical entrustment guarantee fee rate charged by Capital Group to the Group in respect of entrustment guarantee, multiplied by the maximum total principal amount of the guarantee liability assumed by Capital Group as stipulated under the Cooperation Agreements of RMB800,000,000, and calculated based on the number of days involved.

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 cash flows generated from the financing arrangements outlined in the Cooperation Agreements will further bolster the operational and developmental aspects of the Xi'an First City Project. The Provision of Guarantee by Capital Group in relation to this financing arrangement will facilitate its seamless implementation. 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 and Ms. Qin Yi 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 (a non-executive Director of the Company) and Ms. Qin Yi (a non-executive Director of the Company) both also serve as member of the management team of Capital Group, they have abstained from voting on the Board resolution(s) in relation to the entering into of the Entrustment Guarantee Agreement. Save as the aforesaid, none of the Directors has a material interest in the transactions contemplated under the Entrustment Guarantee Agreement which required them to abstain from voting on the Board resolution(s) to approve the same.

INFORMATION OF 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 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 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
“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
“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 (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)
“Cooperation Agreements”	the Investment Agreement, the Supplementary 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 12 July 2024 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
“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 and Taiwan of the People’s Republic of China
“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
“Supplementary Agreement”	a supplementary agreement entered into between Xi’an Xinkai and China Life Investment on 1 July 2024 in respect of the amendments to the financing period, financing limit and other terms of the Investment Agreement
“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(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
Xie Hongyi
Executive Director

Hong Kong, 12 July 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.