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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)**

### **LETTER OF INTENT IN RESPECT OF THE PROPOSED TRANSACTIONS**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 16 May 2018 (after trading hours), CLI, a 65%-owned subsidiary of the Company, and ESR entered into the Letter of Intent.

The Board wishes to emphasize that the Proposed Transactions are subject to, among other things, due diligence and the execution of the Transaction Documents, the terms and conditions of which are yet to be negotiated and agreed upon. It is expected that the Proposed Transactions, if materialize, will constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Transactions will be made by the Company as and when appropriate in compliance with the Listing Rules.

**Shareholders and potential investors of the Company should note that the Letter of Intent is not legally binding. The Proposed Transactions may or may not proceed or materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

This announcement is made by Beijing Properties (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **LETTER OF INTENT**

On 16 May 2018 (after trading hours), China Logistics Infrastructures (Holdings) Limited (“**CLI**”), a 65%-owned subsidiary of the Company, and ESR Cayman Limited (“**ESR**”, together with CLI, the “**Parties**”) entered into a letter of intent (the “**Letter of Intent**”).

To the best of knowledge, information and belief of the directors of the Company (the “**Directors**”) having made all reasonable enquiries, ESR is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

## **THE PROPOSED TRANSACTIONS**

Pursuant to the Letter of Intent, the Parties intend to jointly establish an entity outside the People’s Republic of China (the “**PRC**”) to act as general partner (the “**Co-GP**”), which will, together with CLI (and/or its affiliate) and ESR (and/or its affiliate) as limited partners, jointly establish a privately offered fund structured as a limited partnership outside the PRC (the “**Fund**”) (the “**Proposed Investment in the Fund**”). It is intended that the Fund or its subsidiary shall act as the purchaser in the acquisition of equity interests in a number of subsidiaries directly or indirectly owned by CLI (the “**Target Companies**”) which own certain plots of land in the PRC (together with the buildings and structures thereon, the “**Properties**”) (the “**Proposed Disposal**”, together with the Proposed Investment in the Fund, the “**Proposed Transactions**”).

### **Proposed Investment in the Fund**

The capital commitments to be made by each limited partner to the Fund shall be determined among the relevant parties through negotiations on an arm’s length basis.

### **Disposal Consideration**

The consideration for the Proposed Disposal shall be determined between the Parties through negotiations on an arm’s length basis based on the value of the Properties as set out in the Letter of Intent (the “**Value of the Properties**”) and the total value, as at the date of completion of the Proposed Disposal, of the other assets owned by the relevant Target Companies as maybe agreed by the Parties and the direct or indirect holding companies of such Target Companies as maybe agreed by the Parties less the liabilities as at the date of completion of the Proposed Disposal in respect of the relevant Target Company as maybe agreed by the Parties and the direct or indirect holding companies of such Target Company (the “**Disposal Consideration**”). The Value of the Properties as stated in the Letter of Intent is approximately RMB6.42 billion (equivalent to approximately HK\$7.94 billion).

## **Deposit**

ESR shall deposit an amount of US\$45 million (the “**Deposit**”) to a bank account to be jointly operated by CLI and ESR. CLI shall be entitled to retain the Deposit and the accrued interest if (i) ESR unilaterally decides not to proceed with the Proposed Transactions; or (ii) CLI decides not to proceed with the Proposed Transactions because the total downward adjustment to the Value of the Properties proposed by ESR exceeds 2% of the Value of the Properties. CLI shall release the Deposit and the accrued interest to ESR if (i) there is material inconsistency between the information of the Target Companies provided in the course of due diligence and the information previously disclosed to ESR during the bidding process; (ii) the Parties fail to enter into legally binding formal agreements in relation to the Proposed Transactions (the “**Transaction Documents**”) on or before 31 July 2018 (or such other date as may be agreed by the Parties); (iii) any other circumstances solely attributable to CLI which cause the Proposed Transactions unable to proceed; or (iv) the Parties agree to terminate the Letter of Intent.

## **Exclusivity**

During the period from the payment by ESR of the Deposit to 31 July 2018 (both dates inclusive) or such extended period as may be agreed by the Parties, unless the prior written consent of ESR is obtained, CLI may not directly or indirectly negotiate or agree with any other party on the following matters: (a) the sale or disposal in any other manner of any Target Companies (for the avoidance of doubt, including (i) CLI; (ii) any direct or indirect holding company of the Target Companies or direct or indirect subsidiaries of CLI; (iii) project companies that directly hold the Target Companies; and (iv) the relevant project of the Target Companies); or (b) conduct transactions or cooperation of any kind with any third party with respect to the Target Companies which are similar to or the same as the Proposed Transactions.

## **Binding effect**

Save for the provisions relating to exclusivity, the Deposit, binding effect, transaction costs and taxes, confidentiality and governing law and dispute resolution, the Letter of Intent is not legally binding on the Parties.

## **INFORMATION ABOUT THE PARTIES**

CLI is an investment holding company and 65% of its total issued share capital is owned by the Company. CLI is principally engaged in investment, development and operation of high-end and modern general warehouses. CLI possess numerous logistics facilities and warehouses located in Tier 1 cities in the People’s Republic of China including Beijing, Tianjian and Shanghai, with an aggregate rentable area of approximately 809,431 square metres, among which 287,131 square metres is operating rentable area and 522,300 square metres is under construction.

ESR is a leading pure-play pan-Asia logistics real estate developer, owner, and operator focused on the key metropolitan areas most closely tied with consumption and global trade. The ESR platform represents one of the largest in the Asia-Pacific region with assets under management of US\$12 billion, and over 10 million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India. ESR also runs capital and fund management offices in Hong Kong and Singapore.

## **REASONS FOR AND BENEFITS OF THE 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 investments in commercial properties and primary land development.

Since the end of 2017, in order to realize strategic transformation of the Group and enable it to develop diversified property business, the Group has been actively seizing the opportunities and seeking suitable investment opportunities with industrial operation and capital operation as growth drivers. It intends to further improve strategic presence in the logistics property, industrial property and cold chain industries in the PRC while actively conducting global allocation of assets to enable the Group to develop into a comprehensive property platform with diversified activities, realize successful transformation from focusing on logistics property into developing comprehensive properties and from generating concentrated fixed income to generating diversified income, and create strong returns to the shareholders of the Company.

The Directors consider that the Proposed Transactions represent a good opportunity for the Group to realize its investment in its logistics property business at a fair and reasonable price and would provide capital to the Group in developing the business of the Group after the Proposed Transactions.

## **GENERAL**

The board of Directors (the “**Board**”) wishes to emphasize that the Proposed Transactions are subject to, among other things, due diligence and the execution of the Transaction Documents, the terms and conditions of which are yet to be negotiated and agreed upon. It is expected that the Proposed Transactions, if materialize, will constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Transactions will be made by the Company as and when appropriate in compliance with the Listing Rules.

**Shareholders and potential investors of the Company should note that the Letter of Intent is not legally binding. The Proposed Transactions may or may not proceed or materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

This announcement contains translation between Renminbi and Hong Kong Dollars at RMB0.80877 = HK\$1, being the exchange rate prevailing on 16 May 2018. The translation should not be taken as a representation that the RMB could actually be converted into Hong Kong Dollars at that rate or at all.

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

Hong Kong, 16 May 2018

*As at the date of this announcement, Mr. Qian Xu, Mr. Hu Yebi, Mr. Li Shuping, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Dong Qilin, Mr. Li Changfeng, Mr. Cheng Ching Fu, Mr. Yu Luning and Mr. Ang Renyi 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.*