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首創置業股份有限公司

BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 28 June 2016, Ruiyuan Fengji (a wholly-owned subsidiary of the Company) and Capital Fund (a connected person of the Company) entered into the JV Agreement pursuant to which the parties agreed to establish the JV Company in the PRC.

The parties expect to invest a total of RMB90,000,000 into the JV Company by contributing to its registered capital. Ruiyuan Fengji has agreed to contribute RMB63,000,000, being 70% of the registered capital of the JV Company. The JV Company is to be set up for the main purpose of obtaining and implementing the primary land development of the Pinggu Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Capital Fund is an associate of Capital Group (the controlling shareholder of the Company), therefore, Capital Fund is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement exceed 0.1% but all are less than 5%, the Transaction will be subject to the annual review and disclosure requirements but exempt from the independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 28 June 2016, Ruiyuan Fengji (a wholly-owned subsidiary of the Company) and Capital Fund (a connected person of the Company) entered into the JV Agreement pursuant to which the parties agreed to establish the JV Company in the PRC.

The major terms of the JV Agreement are set out below.

THE JV AGREEMENT

- Date: 28 June 2016
- Parties: Ruiyuan Fengji; and
Capital Fund.
- Scope of Business: The scope of business of the JV Company is housing construction works, municipal works, real estate development, sale of self-developed commercial housing, property management, enterprise management, and economic and trading consultation (subject to the business scope being approved by the relevant Industrial and Commercial Administration Department in the PRC).
- Purpose: The main purpose of the JV Company is to obtain and implement the primary land development of the Pinggu Project, which includes, among others, land expropriation, housing demolition and land leveling.
- Registered Capital: The total registered share capital of the JV Company will be RMB90,000,000. Ruiyuan Fengji and Capital Fund have agreed to contribute RMB63,000,000 and RMB27,000,000, respectively, representing 70% and 30% of the registered capital of the JV Company, respectively. The capital contributions will be payable by the parties in cash before 1 June 2026. The Company will finance its capital commitment in the JV Company from its internal resources. Save as disclosed above, the Company has no other capital commitment to the JV Company as at the date of this announcement.
- The capital requirement of the JV Company was determined by arm's length negotiation between the parties taking into account the development plans of the JV Company.
- Profit Sharing: Any profit or loss of the JV Company shall be shared or borne by Ruiyuan Fengji and Capital Fund in proportion to their respective equity interests in the JV Company.
- Board Composition and Supervisor: The board of directors of the JV Company will consist of three directors, of which two directors will be nominated by Ruiyuan Fengji and one director will be nominated by Capital Fund. The chairman of the board of directors of the JV Company will be nominated by Ruiyuan Fengji. Each of the directors will be appointed for a term of three years, subject to re-election at the expiration of the term of office at the general meeting of the JV Company.

The JV Company will also have one supervisor, who will be nominated by Ruiyuan Fengji. The supervisor will be appointed for a term of three years, subject to re-election at the expiration of the term of office at the general meeting of the JV Company.

Transfer of Equity
Interest:

Each party may freely transfer their respective equity interest in the JV Company among themselves, but may not transfer all or part of its equity interest in the JV Company to any other person without the prior written consent from the other party of the JV Agreement.

As at the date of this announcement, the JV Company has not yet been established and thus has not commenced any business operations. As Ruiyuan Fengji will hold 70% equity interest in the JV Company upon completion of the JV Agreement, the JV Company will be accounted for as a subsidiary of the Company and will be included into the Group's consolidated financial statements upon completion of the JV Agreement.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Group is a large integrated leading real estate developer in the PRC, focusing on residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development. By coordination of integrated complexes and each line of business, the Company aims at building the core competitiveness and achieving competition differentiation. The investment in the JV Company is in line with the Company's long-term corporate strategy. Through cooperating with Capital Fund under the JV Agreement, the Group will leverage on the strengths of Capital Fund, which has government support and capital advantage, to facilitate the JV Company in obtaining the relevant approvals, funding and preferential policy.

The Board (including the independent non-executive Directors) believes that the terms of the JV Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the Transaction or was required to abstain from voting on the relevant resolutions of the Board. However, certain Directors, namely Mr. Wang Hao, Mr. Li Songping, Mr. Song Fengjing and Mr. Shen Jianping are also directors of Capital Group, and have voluntarily abstained from voting at the Board meeting for approval of the Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Capital Fund is an associate of Capital Group (the controlling shareholder of the Company), therefore, Capital Fund is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement exceed 0.1% but all are less than 5%, the Transaction will be subject to the annual review and disclosure requirements but exempt from the independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

GENERAL INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2868). The Group is a large integrated leading real estate developer in the PRC, focusing on residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development. By coordination of integrated complexes and each line of business, the Company aims at building the core competitiveness and achieving competition differentiation.

Capital Fund

Capital Fund is a limited partnership established in the PRC and a connected person of the Company. Capital Fund is a financing platform supporting the construction of key new towns in Beijing and sustainable development, which is partially supported by the government policy fund. The three major investment areas include land leveling, infrastructure and public service construction as well as industrial upgrade. As at the date of this announcement, the general partner of Capital Fund is Beijing Capital New Town (a subsidiary of Capital Group) and the limited partners are Beijing Municipal Engineering Consulting (an independent third party of the Company and 100% held by Beijing Municipal Commission of Development and Reform), Capital Group and Beijing City Green Development (a subsidiary of Capital Group).

Ruiyuan Fengji

Ruiyuan Fengji is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in real estate development.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Beijing Capital New Town”	Beijing Capital New Town Construction Investment Fund Management Company Limited* (北京首創新城鎮建設投資基金管理有限公司), a company incorporated in the PRC with limited liability, being the general partner of the Capital Fund and a subsidiary of Capital Group as at the date of this announcement
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“Beijing City Green Development”	Beijing City Green District Facilities Development Company Limited* (北京市綠化隔離地區基礎設施開發建設有限公司), a company incorporated in the PRC with limited liability, being a limited partner of the Capital Fund and a subsidiary of Capital Group as at the date of this announcement
“Beijing Municipal Engineering Consulting”	Beijing Municipal Engineering Consulting Corporation* (北京市工程諮詢公司), a state-owned enterprise incorporated in the PRC, being a limited partner of Capital Fund and an independent third party of the Company as at the date of this announcement
“Board”	the board of Directors
“Capital Fund”	Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)), a limited partnership established in the PRC and a connected person of the Company
“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, the controlling shareholder of the Company and a connected person of the Company
“Company”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“connected transaction(s)”	has the meaning ascribed to such term in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 28 June 2016 entered into between Ruiyuan Fengji and Capital Fund in respect of the formation of the JV Company

“JV Company”	Beijing Youda Zhiye Limited* (北京優達置業有限公司), a company to be incorporated in the PRC with limited liability pursuant to the JV Agreement, which name is subject to approval by the relevant PRC government authorities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pinggu Project”	the project involving the primary land development of the land at Bai Ge Zhuang new village, Da Xing Zhuang town, Beijing* (北京市大興莊鎮白各莊新村)
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Ruiyuan Fengji”	Beijing Ruiyuan Fengji Real Estate Development Co. Ltd.* (北京瑞元豐吉置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the JV Agreement
“%”	per cent.

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

By Order of the Board
Beijing Capital Land Ltd.
Lee Sze Wai
Company Secretary

Hong Kong, 28 June 2016

The Board as of the date of this announcement comprises Mr. Wang Hao (Chairman) and Mr. Tang Jun (President) who are the Executive Directors, Mr. Li Songping, Mr. Song Fengjing, Mr. Shen Jianping and Ms. Sun Baojie who are the Non-Executive Directors, Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John who are the Independent Non-Executive Directors.