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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2868)

POTENTIAL DISPOSAL OF EQUITY INTEREST THROUGH PUBLIC TENDER

Potential Disposal of Equity Interest

The Board announced that the Company proposed to dispose 51% interests of the Target Company by means of equity transfer through public tender in the CBEX on 3 September 2018. The Company is a state-controlled listed company and the disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right. According to the regulations of the CBEX, the successful bidder is required to enter into an asset transaction agreement with the Company.

The base price of transfer of 51% interests of the Target Company is RMB598,158,311.34 while the final consideration shall be subjected to the final bid price, but in any event not less than the Base Price of Transfer. Furthermore, according to the terms of tender, before the transaction confirmation is issued by the CBEX, the successful bidder shall repay the Vendor the shareholder's loan of RMB1,187,422,800, calculated by its shareholding proportion, on behalf of the Target Company.

Using the Base Price of Transfer and Shareholder's Loan as the basis of calculation, the relevant percentage ratios calculated under the Listing Rules in respect of the potential Disposal is more than 5% but less than 25%. Thus, the potential Disposal may constitute a discloseable transaction of the Company and subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the potential Disposal may or may not proceed, the shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The Board announced that the Company proposed to dispose 51% interests of the Target Company by means of equity transfer through public tender in the CBEX on 3 September 2018. The Company is a state-controlled listed company and the disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right. The potential Disposal will be carried out through the CBEX. According to the regulations of the CBEX, the successful bidder is required to enter into an asset transaction agreement with the Company.

The Public Tender

The qualifications of the potential bidders shall be confirmed by the CBEX, and shall pay a deposit of RMB179,400,000 within 3 working days from the day of confirmation of the qualification.

Date and Procedures of the Public Tender

The Tender Notice has been announced on the website of CBEX on 3 September 2018.

Publication period will be within 20 working days from the date of the Tender Notice. During the publication period, bidders may indicate their intention to purchasing the potential disposal of the interest and register themselves as interested bidders. If there are two or more bidders, the successful bidder shall be determined by the bidding procedure of the CBEX. Upon the completion of the bidding procedure, the CBEX will notify the Company of the identity of the successful bidder.

Within 5 working days upon the notification of the successful bidder by the CBEX, the Company is required to enter into the asset transaction agreement with such successful bidder.

As at the date of this announcement, material information of the asset transaction agreement including the successful bidder, final consideration, payment, delivery and transfer time have not been determined. The Company will enter into the asset transaction agreement upon confirmation of the successful bidder and perform its relevant approval procedures and information disclosure obligations. As at the date of this announcement, no asset transfer agreement has been entered into between the Company and any other party in relation to the potential Disposal.

Consideration

The Base Price of Transfer is RMB598,158,311.34, based on the results of the valuation report issued by an independent valuer, Beijing Tianjian Xingye Asset Valuation Limited* (北京天健興業資產評估有限公司), in respect of the Target Company on March 2018, which had been approved by the SASAC.

The final consideration shall be subjected to the final bid price, but in any event not less than the Base Price of Transfer.

Furthermore, according to the terms of tender, before the transaction confirmation is issued by the CBEX, the successful bidder shall repay the Vendor the shareholder's loan of RMB1,187,422,800, calculated by its shareholding proportion, on behalf of the Target Company.

According to the rules of tender of the CBEX, the final consideration and the Shareholder's Loan shall be a lump-sum cash payment.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The Board is of the view that the Disposal will be beneficial for the Company to shorten the turnover days of its assets, which in turn could realise profits arising from appreciations in property values and increase its liquidity, and enhance the efficiency of the use of capital. Moreover, after the completion of the Disposal, operation risk would be shared together between the Company and the successful bidder, and hence the market risk would be effectively diversified.

The Directors are of the view that the transaction contemplated under the potential Disposal will be on normal commercial terms which is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Company

The Company is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868). The Company is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential property development, outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industry properties and cultural and creative industries.

The Target Company

The Target Company is a limited liability company established on 17 December 2010 under PRC laws. As at the date of this announcement, it has a registered capital of RMB5,000,000 and is wholly owned by the Company. The Target Company principally held a project located on the land lot F-03 of Lize Finance and Commerce Area, Lugouqiao Xiang, Feng Tai District, Beijing, the PRC (中國北京市豐台區盧溝橋鄉麗澤金融商務區F-03地塊) and engaged in developing and operating this project.

The audited financial information of the Target Company for the two years ended 31 December 2016 and 2017 prepared in accordance with the accounting standards of PRC is set out below.

	2016 <i>(RMB)</i>	2017 <i>(RMB)</i>
(Loss)/profit before tax	(424,940.36)	20,016,542.80
(Loss)/profit after tax	(424,940.36)	15,122,953.93

As at 31 January 2018, the audited net assets of the Target Company is approximately RMB25,585,000.

Immediately completion of the Disposal, the Company will hold 49% interests of the Target Company which will be no longer the subsidiary of the Company.

USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE TRANSACTION

The Company intends to use the proceeds from the Disposal as the general working capital of the Company. As at the date of this announcement, the final consideration has not been determined, however, based on the Base Price of Transfer as the basis of calculation, the expected unaudited profit before tax will be approximately RMB590,000,000.

Listing Rules Implications

Using the Base Price of Transfer and Shareholder's Loan as the basis of calculation, the relevant percentage ratios calculated under the Listing Rules in respect of the potential Disposal is more than 5% but less than 25%. Thus, the potential Disposal may constitute a discloseable transaction of the Company and subject to reporting and announcement requirements under Chapter 14 of the Listing Rules. Upon confirming the final consideration and the identity of successful bidder, the Company will issue further announcement and comply with the relevant requirements for the potential Disposal if there is any change in the category of notifiable transaction under Chapter 14 of the Listing Rules.

As the potential Disposal may or may not proceed, the shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless the context requires otherwise:

“Base Price of Transfer”	the base price of transfer of the Disposal, being RMB598,158,311.34
“Board”	the board of Directors of the Company
“CBEX”	北京產權交易所有限公司 (China Beijing Equity Exchange), a comprehensive property right exchange approved to establish by the Municipal People's Government of Beijing
“Company” or “Vendor”	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 whose H shares are listed on the Main Board of the Stock Exchange (Stock code: 2868)
“Directors”	the director(s) of the Company
“Disposal”	the disposal of 51% equity interests in the Target Company through public tender in CBEX

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the Beijing Municipality
“Shareholders”	Shareholders of the Company
“Shareholder’s Loan”	the shareholder’s loan of RMB1,187,422,800 to be repaid by the successful bidder to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Kaiyuanhean Investment Management Co., Ltd.* (北京開元和安投資管理有限公司) is limited liability company incorporated in PRC
“Tender Notice”	the tender notice containing details and terms of the Disposal

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

Hong Kong, 5 September 2018

The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Zhong Beichen (President), Mr. Li Xiaobin, Mr. Hu Weimin and Mr. Fan Shubin who are the executive Directors, Mr. Su Jian who is the non-executive Director, Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevail.*