



(Stock Code: 2868)

DISCLOSEABLE AND CONNECTED TRANSACTION  
FORMATION OF A PRC JOINT VENTURE COMPANY  
FOR THE DEVELOPMENT OF PROPERTY PROJECT IN BEIJING

The Directors of Beijing Capital Land Ltd. (the “Company”) announce that on 11th October 2004, the Company entered into the Joint Venture Contract to establish a sino-foreign equity joint venture company in Beijing, PRC with Reco Ziyang, a connected person of the Company as defined in the Listing Rules.

The total amount of investment of the Joint Venture Company is US\$90,000,000, which shall include the registered capital of US\$60,000,000. The Company and Reco Ziyang shall contribute 55% and 45% of the total amount of investment respectively. The Joint Venture Company is set up for the purpose of the development of the Project situated in Chaoyang District, Beijing, PRC. The land of the Project has been obtained by the Company and Reco Ziyang jointly through public trading in Beijing, PRC in accordance with the Tender Regulation.

Reco Ziyang is an associate of Reco Hibiscus Pte Ltd., which is a substantial shareholder of a subsidiary of the Company, Beijing Anhua Shiji Real Estate Development Company Limited. Accordingly, Reco Ziyang is a connected person of the Company pursuant to the Listing Rules. The transactions contemplated under the Joint Venture Contract constitute a discloseable and connected transaction for the Company under the Listing Rules and will be subject to the disclosure and independent shareholders’ approval requirements as set out in Chapter 14 and 14A of the Listing Rules.

A circular containing details of the Joint Venture Contract, the recommendation of the Independent Board Committee, a letter of advice from an independent financial adviser and a notice of the EGM to be convened at which ordinary resolution(s) will be proposed to consider, and if thought fit, to approve the Joint Venture Contract and all matters contemplated under the Joint Venture Contract, will be dispatched to the Shareholders as soon as practicable. The votes of the Independent Shareholders in the EGM will be taken by poll. Reco Ziyang and its associates will abstain from voting at the EGM in respect of the ordinary resolution(s) to approve the Joint Venture Contract and the transactions contemplated thereunder.

The Directors announce that on 11th October 2004, the Company has entered into the Joint Venture Contract for the formation of the Joint Venture Company with Reco Ziyang.

THE JOINT VENTURE CONTRACT

Date of the Joint Venture Contract

11th October 2004

Parties

The Joint Venture Contract was entered into between:

- (A) the Company; and
- (B) Reco Ziyang, an associate of Reco Hibiscus Pte Ltd., which is a substantial shareholder of a subsidiary of the Company, Beijing Anhua Shiji Real Estate Development Company Limited.

Scope of Business

The scope of business of the Joint Venture Company shall be the development and construction of the Project situated in No.1 and 2, Shi Li Bao, Chaoyang Road, Chaoyang District, Beijing, PRC, which shall include the construction, sale, lease and the relevant operation and property management service of residential properties and ancillary facilities.

Registered Capital

The registered capital of the Joint Venture Company shall be US\$60,000,000 (approximately HK\$468,000,000), and shall be contributed as to 55% by the Company, and as to 45% by Reco Ziyang. The registered capital shall be contributed in cash within 60 days from the date of establishment of the Joint Venture Company as shown on the business licence of the Joint Venture Company.

Total Amount of Investment

The total amount of investment shall be US\$90,000,000 (approximately HK\$702,000,000) (inclusive of the amount of registered capital).

The difference between the total amount of investment and the registered capital shall be funded by bank loans to be arranged by the Joint Venture Company. If required by the bank providing the loan, the Company and Reco Ziyang shall provide guarantee on a several basis in proportion to their respective equity interests in the Joint Venture Company. If the bank loan shall be insufficient to meet the funding requirement of the Joint Venture Company, the parties shall provide shareholders’ loan to the Joint Venture Company in proportion to their respective equity interests in the Joint Venture Company in accordance with the board resolution passed by the Joint Venture Company at the relevant point of time.

Profit Sharing

Any profit or loss of the Joint Venture Company shall be shared or borne by the Company and Reco Ziyang in proportion to their respective equity interests in the Joint Venture Company.

Board Composition

The board of directors of the Joint Venture Company shall consist of five directors. The Company shall be entitled to appoint three directors and Reco Ziyang shall be entitled to appoint 2 directors. The chairman of the board shall be appointed by the Company and the vice chairman shall be appointed by Reco Ziyang.

Reasons for the formation of the Joint Venture Company

The Company is a large property developer in Beijing, focusing primarily on developing quality/high-end office buildings and commercial properties, and medium to high-end residential properties. All of the projects of the Group are in Beijing. The Group is currently developing a number of properties, including certain hotels, which the Group intends to hold as long-term investments. The Group also intends to have property investment as one of its core businesses.

Reco Ziyang is an associate of Reco Hibiscus Pte Ltd., which is a substantial shareholder interested in 45% of the registered capital of the Company’s subsidiary, Beijing Anhua Shiji Real Estate Development Company Limited. Accordingly, Reco Ziyang is a connected person of the Company pursuant to the Listing Rules and the formation of the Joint Venture Company constitute connected transactions for the Company under the Listing Rules.

According to the Strategic Investment Agreement signed between the Company and Reco Pearl Private Limited, an associate of Reco Ziyang, dated 11th March 2003 as amended by a supplement agreement dated 15th May 2003, details of which are set out in the Company’s prospectus dated 10th June 2003, when BCL identifies or becomes aware of an opportunity to acquire, own, develop, operate or otherwise invest in any residential or commercial property project or other property related projects within the PRC, the Company shall offer Reco Pearl Private Limited or its associate an opportunity to co-invest with the Company as its preferred partner.

In view of the Strategic Investment Agreement, the Company and Reco Ziyang has agreed to cooperate in the development and construction of the Project through the formation of the Joint Venture Company.

The promoters of the Company, namely the Capital Group, Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Sunshine Real Estate Development Co., Ltd., Beijing Capital Technology Investment Ltd., Beijing Capital Hangyu Economic Development Co., Ltd., China Resource Products Limited and Yieldwell International Enterprise Limited, which in aggregate hold 65% interest in the Company, do not have any interest in the Joint Venture Contract which would require them to abstain from voting and they have undertaken to the Company to vote in favour of the resolution approving the Joint Venture Contract in the EGM.

The Directors believe that the terms of the Joint Venture Contract are made on an arm’s length basis and on normal commercial terms, and are made in the ordinary and usual course of business of the Group and are fair and reasonable and in the interest of the Shareholders as a whole.

The Directors consider that it will be in the interest of the Company to adopt the terms of the Joint Venture Contract.

GENERAL

As the Company shall own 55% of the Joint Venture Company and have majority seats in the board of directors of the Joint Venture Company, it shall therefore be treated as a subsidiary of the Company in the future. Based on the total amount of investment of the Joint Venture Company of US\$90,000,000 (approximately HK\$702,000,000), the Joint Venture Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The formation of the Joint Venture Company contemplated under the Joint Venture Contract will also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, Independent Shareholders’ approval shall therefore be required.

According to Rules 14A.18 and 14A.43 of the Listing Rules, Reco Ziyang is an associate of Reco Hibiscus Pte Ltd., a substantial shareholder interested in 45% of the registered capital of the subsidiary of the Company, Beijing Anhua Shiji Real Estate Development Company Limited as at the date of this announcement, and as such Reco Ziyang and its associates are required to abstain from voting in the EGM convened for the purpose of approving the Joint Venture Contract.

A circular containing, among other things, further information on the Joint Venture Contract, the recommendation of the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Joint Venture Contract and the notice to convene the EGM will be sent to the Shareholders as soon as practicable. The votes of Independent Shareholders in the EGM will be taken by poll.

DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Beijing Capital Land Ltd., a joint stock company incorporated in the PRC with limited liability and whose shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting held to approve the Joint Venture Contract and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors of the Company to consider and advise the Independent Shareholders with regard to the Joint Venture Contract
“Independent Shareholders”	Shareholders of the Company other than Reco Ziyang and its associates
“Joint Venture Company”	Beijing Capital Ziyang Real Estate Ltd. (北京首創新資置業有限公司), a sino-foreign equity joint venture company to be established pursuant to the Joint Venture Contract and to be held by the Company and Reco Ziyang as to 55% and 45% respectively
“Joint Venture Contract”	the sino-foreign equity joint venture contract dated 11th October 2004 entered into between the Company and Reco Ziyang in respect of the formation of the Joint Venture Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the property project to be developed by the Joint Venture Company on the piece of land obtained by the Company and Reco Ziyang jointly pursuant to the Tender Regulation which is situated at No. 1 and 2, Shi Li Bao, Chaoyang Road, Chaoyang District, Beijing, PRC
“Reco Ziyang”	Reco Ziyang Pte Ltd., an associate of Reco Hibiscus Pte Ltd., the substantial shareholder of a subsidiary of the Company, Beijing Anhua Shiji Real Estate Development Company Limited
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Regulation”	Regulation on the Grant of State-owned Land Use Rights through Competitive Bidding, Public Auction and Public Trading promulgated by the People’s Republic of China State-Owned Land and Resources Bureau on 9th May 2002, as such regulation may be amended from time to time
“HK\$”	Hong Kong Dollar, the legal currency of the Hong Kong Special Administrative Region of the PRC
“US\$”	United States Dollar, the legal currency of the United States of America
“%”	per cent.

Beijing, PRC, 11th October 2004

The Board as of the date of this announcement comprises Mr. Liu Xiaoguang (Chairman), Mr. Tang Jun, Mr. He Guang, Mr. Pan Pei and Mr. Wang Zhengbin who are the executive Directors, Ms. Zhu Min and Mr. Muk Kin Yau who are the non-executive Directors, Mr. Peter Yuk Lun Eng, Mr. Benny Kwong Kai Sing, Mr. Ke Jianmin and Mr. Yu Xing Bao being the independent non-executive Directors.

By Order of the Board  
Beijing Capital Land Ltd.  
Liu Xiaoguang  
Chairman