



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

(Stock Code: 2868)

Placing of 112,926,000 H Shares

Placing Agent

JPMorgan

J.P. Morgan Securities (Asia Pacific) Limited

On 27 January 2005, the Company, the Seller and Beijing Sunshine entered into a Placing Agreement with the Placing Agent in relation to the Placing, on a fully underwritten basis, of an aggregate of 112,926,000 H Shares, comprising the New Placing Shares and the Selling Shareholder Placing Shares at a price of HK\$2.16 per H Share.

The net proceeds of the Placing will be approximately HK\$210 million. The net proceeds raised by the Company will be applied as follows:

- (1) as to approximately HK\$200 million for the development and construction of Nos. 1 and 2 Residential Buildings and their related supporting projects at Shilipu, Chaoyang Road in Beijing, the PRC; and
- (2) as to the remaining balance will be used for general working capital.

The entire net proceeds from the sale of the Selling Shareholder Placing Shares by the Seller will be remitted to the PRC National Social Security Fund.

The Placing is conditional upon the Stock Exchange granting listing of, and permission to deal in, the Placing Shares, and the Placing Agreement not having been terminated by the Placing Agent in accordance with the terms thereof.

The Placing Shares will be issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 13 May 2004.

The Placing Agreement

Date: 27 January 2005

- Parties: (i) the Company;
- (ii) the Seller;
- (iii) Beijing Sunshine; and
- (iv) the Placing Agent.

The Placing

The Placing Agent agrees as agent for the Company and the Seller to procure, on a fully underwritten basis, institutional and other investors in and outside of Hong Kong to subscribe and/or purchase the Placing Shares.

The other investors in the Placing Shares are not connected to any promoter, supervisor, director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as such term is defined in the Listing Rules).

Independence of the Placing Agent

The Placing Agent is independent of, and not connected with, any promoter, supervisor, director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as such term is defined in the Listing Rules).

Number of Placing Shares

112,926,000 H Shares, representing 20% and approximately 7% respectively of the existing H Shares in issue and registered capital of the Company prior to the Placing and approximately 16.67% and 6.58% respectively of the H Shares in issue and the registered capital of the Company as enlarged by the Placing Shares.

Placees

The Placing Shares will be placed, through the Placing Agent, on a fully underwritten basis, to not less than six placees who are independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in the Listing Rules) of the Company, and (ii) are independent of the Company, its connected persons and other placees.

Placing Price

The Placing Price is HK\$2.16 per Placing Share, representing

- (i) a discount of approximately 9.0% to the closing price of HK\$2.375 per H Share on the Stock Exchange on 27 January 2005, being the date of the Placing Agreement,
- (ii) a discount of approximately 6.9% to the average closing price of HK\$2.32 per H Share on the Stock Exchange for the last five trading days up to and including 27 January 2005; and
- (iii) a discount of approximately 4.0% to the average closing price of HK\$2.25 per H Share on the Stock Exchange for the last ten trading days up to and including 27 January 2005.

The Placing Price was agreed upon after arm's length negotiations between the Company, the Seller and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and its Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the Stock Exchange granting listing of, and permission to deal in, the Placing Shares. The Placing Agreement may be terminated by the Placing Agent in accordance with the terms thereof, such as on the grounds of material breach of the representations, warranties and undertakings of the Company or Beijing Sunshine given in the Placing Agreement or the occurrence of certain *force majeure* events.

Lock-up by the Company, the Seller and Beijing Sunshine

Each of the Company, the Seller and Beijing Sunshine have separately undertaken to the Placing Agent that, subject to certain limited exceptions, it will not, for a period commencing from and including the date of the Placing Agreement until the expiry of 90 days thereafter, without the prior written consent of the Placing Agent, (i) allot or issue or sell, as the case may be, or offer to allot or issue or sell, as the case may be, or grant any option, right or warrant to subscribe or purchase (either conditionally or unconditionally, or directly or indirectly, or otherwise), as the case may be, any H Shares or any interests in H Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any H Shares or interest in H Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

Completion of the Placing

Completion shall take place on the date falling two business days upon which the condition of the Placing Agreement shall have been fulfilled on or before 28 February 2005 or such other time or date as the Company, the Seller and the Placing Agent shall agree.

Completion is expected to take place on 7 February 2005.

Mandate to Issue the Placing Shares

The Placing Shares will be allotted and issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 13 May 2004 subject to the limit up to 20% of the issued share capital of the Company as at the date of passing the relevant resolution. As at the date of this announcement, no H Share has been issued under the General Mandate.

The Company has obtained the approval from the State-owned Assets Supervision and Administration Committee of the State Council on 30 November 2004, the authorisation and approval from the PRC National Social Security Fund on 9 December 2004 and the approval from the China Securities Regulatory Commission in respect of the Placing and the issue of Placing Shares on 26 January 2005. Pursuant to the approval from the China Securities Regulatory Commission, the Company shall report the status of the Placing to the China Securities Regulatory Commission within 15 business days from Completion.

Save the approvals as stated above, the Company is not required to obtain any other approvals from any other PRC government authority in respect of the Placing and the issue of the Placing Shares under the PRC law.

United States Selling Restrictions

The Placing Shares have not been registered under the Securities Act and may not be offered or sold in the United States of America or to U.S. persons (as such term is defined in the Securities Act), unless an exemption from the registration requirements of the Securities Act is available.

Ranking

The Placing Shares will rank *pari passu* in all respects with the existing H Shares in issue on completion of the Placing Agreement, including the right to receive all dividends and distributions declared, paid or made after the Completion.

Shareholding Structure

The shareholding structure of the Company immediately before and after the Placing is set out below:

Name of Shareholder	Immediately before the Placing		Immediately after the Placing	
	Number of Shares held (Shares)	Approximate percentage of shareholding (%)	Number of Shares held (Shares)	Approximate percentage of shareholding (%)
The Capital Group	56,007,100	3.47	56,007,100	3.26
Beijing Sunshine Real Estate Comprehensive Development Company	57,684,600	3.58	47,418,600	2.76
Beijing Capital Sunshine Real Estate Development Co., Ltd.	286,225,700	17.74	286,225,700	16.68
Beijing Capital Technology Investment Ltd.	172,006,700	10.66	172,006,700	10.02
Beijing Capital Hangyu Economic Development Co., Ltd.	118,747,600	7.36	118,747,600	6.92
China Resource Products Limited	275,236,200	17.06	275,236,200	16.04
Yieldwell International Enterprise Limited	82,762,100	5.13	82,762,100	4.82
Reco Pearl Private Limited (H Shares)	158,102,000	9.80	158,102,000	9.21
Public (H Shares)	406,528,000	25.20	519,454,000	30.27
Total ⁱ	<u>1,613,300,000</u>	<u>100</u>	<u>1,715,960,000</u>	<u>100</u>

i. The percentages may not add up to 100% due to rounding discrepancies.

Reasons for the Placing

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity for the Company to raise further financing. The Directors also consider that it is beneficial to the Company to broaden its shareholder and capital base.

The sale of the Selling Shareholder Placing Shares by the Seller is made pursuant to the PRC Interim Measures on Selling of State-owned Shares for Raising Social Security Funds and the entire net proceeds from the sale will be remitted to the PRC National Social Security Fund.

Beijing Sunshine is a promoter of the Company and a wholly-owned subsidiary of The Capital Group. The Selling Shareholder Placing Shares were allocated to the PRC National Social Security Fund by Beijing Sunshine. Accordingly, Beijing Sunshine is providing certain representations, warranties and undertakings to the Placing Agent in respect of the Selling Shareholder Placing Shares.

Use of Proceeds

The amount to be raised from the Placing by the Company will be approximately HK\$210 million, after deducting the commission of the Placing Agent and the expenses relating to the Placing. Hence, the net placing price per H Share will be approximately HK\$2.05. The Company will not receive any proceeds from the sale of the Selling Shareholder Placing Shares.

The net proceeds will be applied by the Company as follows:

- (1) as to approximately HK\$200 million for the development and construction of Nos. 1 and 2 Residential Buildings and their related supporting projects at Shilipu, Chaoyang Road in Beijing, the PRC; and
- (2) as to the remaining balance will be used for general working capital.

As set out under the section “Reasons for the Placing” above, the entire net proceeds from the sale of the Selling Shareholder Placing Shares by the Seller will be remitted to the PRC National Social Security Fund.

Equity Fund Raising activities of the Company in the past twelve-month period

The Company has not conducted any equity fund raising activities in the past twelve-month period immediately before the date of this announcement.

Application for Listing

An application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Definitions

“Beijing Sunshine”	北京陽光房地產綜合開發公司 (Beijing Sunshine Real Estate Comprehensive Development Company), a state-owned enterprise established under the laws of the PRC and a promoter of the Company
“Board”	The board of Directors
“Company”	首創置業股份有限公司 (Beijing Capital Land Ltd.), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange
“Completion”	The completion of the Placing Agreement
“Director(s)”	Director(s) of the Company
“Group”	The Company together with its subsidiaries
“H Shares”	Overseas listed foreign Shares in the share capital of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Committee”	The listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Placing Share(s)”	The 102,660,000 H Shares to be allotted and issued by the Company in connection with the Placing
“Placing Shares”	The H Shares to be placed pursuant to the Placing, comprising the New Placing Shares and the Selling Shareholder Placing Shares
“Placing”	The placing of 112,926,000 H Shares, comprising the New Placing Shares and the Selling Shareholder Placing Shares by the Placing Agent as sole placing agent and underwriter pursuant to the Placing Agreement
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited acting as the sole placing agent and underwriter of the Placing, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	A placing agreement entered into between the Company, the Selling Shareholder and the Placing Agent dated 27 January 2005 in relation to the Placing
“Placing Price”	The placing price of HK\$2.16 per H Share under the Placing
“PRC”	The People’s Republic of China
“Securities Act”	The Securities Act of the United States of America
“Seller”	The Company, acting as agent for the PRC National Social Security Fund
“Selling Shareholder Placing Shares”	The 10,266,000 H Shares to be allotted and issued by the Company upon conversion of 10,266,000 existing domestic invested Shares in the capital of the Company currently held by the Selling Shareholder
“Share(s)”	Share(s) in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each in the Company
“Shareholder(s)”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Per cent.

By order of the Board
Beijing Capital Land Ltd.
Chan Yee Wah, Eva
Company Secretary

Hong Kong, 27 January 2005

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.