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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)

CONNECTED TRANSACTION ACQUISITION OF 49% EQUITY INTEREST IN BELLOMONTE S. A. AND DISCLOSEABLE TRANSACTION ON CAPITAL CONTRIBUTION TO JOINT VENTURE COMPANY

ACQUISITION

On 16 August 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser has agreed to purchase the entire issued capital of the Target Company for a total consideration of US\$3,000,000 which will be settled by cash payment to the Vendor (or its designated nominee) upon Completion.

IMPLICATION UNDER THE LISTING RULES

The Vendor is a wholly-owned subsidiary of BE Group. BE Group (including its associates), the controlling shareholder of the Company, holds about 67.23% of the issued share capital of the Company. As such, the Vendor is a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 0.1% but all the applicable ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

After the completion of the Acquisition, the Group is responsible for capital contribution to be made by the Foreign Party in accordance with the terms of the Joint Venture Agreement. As one of more applicable percentage ratios (as defined in the Listing Rules) in respect of such capital contribution are more than 5% but all the applicable ratios are less than 25%, such capital contribution will constitute a discloseable transaction of the Company upon completion of the Acquisition and such transaction is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION AGREEMENT

Date: 16 August 2016 (after trading hours of the Stock Exchange)

Parties: (1) Vendor: Beijing Enterprises Real Estate (HK) Limited; and

(2) Purchaser: Bellomonte Investments Company Limited

Incorporated in Cayman Islands, the Purchaser is a wholly owned subsidiary of the Company and is principally engaged in investment holding. Further information about the Vendor is set out in the paragraphs headed “Information on the Vendor, the Target Company and the Project” and “Implication under the Listing Rules”.

Assets to be acquired

Pursuant to the Acquisition Agreement, the assets to be acquired by the Company represent the entire issued share capital of the Target Company which is owned by the Vendor. Further information about the Target Company is set out in the paragraph headed “Information on the Vendor, the Target Company and the Project”.

Consideration

The consideration of US\$3,000,000 (which is equivalent to about HK\$23,400,000) is to be settled by cash payable to the Vendor (or its designated nominee) upon Completion.

The consideration was arrived at arm’s length negotiation between the parties to the Acquisition Agreement with reference to its initial capital injection to the Target Company. As such, the Directors consider that the consideration and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As informed by the Vendor, the Target Company was incorporated by the Vendor on 6 July 2016. Subsequent to its incorporation, the Vendor sell its whole stake in Bellomonte to the Target Company at a consideration of US\$3,000,000, which was equal to its initial capital injected into Bellomonte according to the Joint Venture Agreement, and which was settled by issuance of 3,000,000 new fully paid ordinary shares of US\$1 each by the Target Company. Following the sale of the entire stake in Bellomonte to the Target Company, all rights and obligations under the Joint Venture Agreement were also transferred to the Target Company.

Following the Completion, all rights and obligations under the Joint Venture Agreement will also be transferred to the Purchaser.

Completion

The Completion of the Acquisition Agreement will be performed before the end of August 2016.

THE JOINT VENTURE AGREEMENT

The JV Parties have entered into the Joint Venture Agreement on 28 July 2015 to establish Bellomonte. The principal terms of the Joint Venture Agreement are as follows:–

Date

28 July 2015

Parties:

- (1) The Vendor (“**Foreign Party**”)
- (2) Cubagolf (“**Cuban Party**”)

To the best of the Directors’ knowledge, information and belief and after making all reasonable enquiries, Cubagolf and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Principal terms

Purpose of the joint venture company

The JV Parties have agreed to set up Bellomonte in Cuba with principal activities of the construction, development and administration of investments and the subsequent exploitation of tourist facilities under the Project, including sale of property ownership and lease of houses and performance of tourism-related activities.

Registered capital and capital contribution

The registered share capital of Bellomonte shall be CUC54,861,176 (equivalent to US\$54,861,176, or about HK\$427,917,173) of which 51% (CUC27,979,200) and 49% (CUC26,881,976) are agreed to be contributed by Cubagolf and the Vendor respectively. Cubagolf has agreed to transfer the ownership in the use of the Site (with valuation of CUC27,979,200) to Bellomonte upon incorporation of Bellomonte as its share of contribution of capital. In respect of its share capital contribution in amount of CUC26,881,976, the Foreign Party is required to pay CUC3,000,000 upon signing of the Joint Venture Agreement and the remaining balance of CUC23,881,976 by instalments within six years after incorporation of Bellomonte.

Term of Bellomonte

Bellomonte shall have a term of fifty years from the date of registration in the Business Registration in Cuba and this term can be extended if previously agreed by the JV Parties and pursuant to the applicable legislation.

Composition of Board

The board of directors of Bellomonte will comprise 4 directors at a minimum and may be increased to ten board members if approved by the shareholders of Bellomonte. The first Board of Directors shall consist of a President, nominated by the Cuban Party, a Vice President, nominated by the Foreign Party and two members, one of which shall be nominated by the Cuban Party and the other by the Foreign Party. The party that does not nominate the President is entitled to nominate the Secretary.

Profit calculation and distribution of dividend

The Board of Directors of Bellomonte will propose the full amount of Bellomonte available for distribution among the JV Parties in accordance with applicable law and statutory regulations, after payment of the applicable taxes (“**distributable profits**”). The said Board shall identify the amounts it considers should be withheld in order to meet commitments or foreseeable contingencies and develop the business, operations or activities of Bellomonte in accordance with the budget and the plan of current operations as well as the terms of the Joint Venture Agreement. Subject to the approval of the shareholders of Bellomonte in general meeting, the difference, if any, that is left after deducting the amounts withheld from the distributable profits, will be paid annually to the JV Parties on a pro rata basis according to their equity interests in Bellomonte.

Transfer of interests in Bellomonte

The JV Parties are not allowed to (i) create encumbrances on; or (ii) sell, transfer or dispose of, shares of Bellomonte unless with prior authorisation of the shareholders of Bellomonte in general meeting and in compliance with the constitution of Bellomonte and the legislation in effect in Cuba at that time.

Each of the JV Parties agrees to mutually grant each other a right of first refusal in the following cases:

- (a) sale of shares of Bellomonte that any of them holds; and
- (b) in favor of the other party, in the case of default of one of the JV Parties as evidenced by the filing of a judicial or extrajudicial proceeding for such purposes.

INFORMATION ON THE VENDOR, THE TARGET COMPANY AND THE PROJECT

The principal activity of the Vendor is investment holding. As at the date of the announcement, the Target Company is an investment holding company and is wholly owned by the Vendor.

The sole asset of the Target Company is its 49% equity interest in Bellomonte. Bellomonte is a joint stock company approved by the Executive Committee of the Council of Ministers of Cuba. Bellomonte is owned as to 49% by the Target Company and as to 51% by Cubagolf. The total registered capital of Bellomonte amounts to CUC54,861,176 (equivalent to US\$54,861,176, or approximately HK\$427,917,173), of which CUC27,979,200 (equivalent to US\$27,979,200, or approximately HK\$218,237,760) is to be contributed by Cubagolf through the injection of the Site and CUC26,881,976 (equivalent to US\$26,881,976, or approximately HK\$209,679,413) is to be contributed by the Target Company by cash. Out of the committed capital contribution of the Target Company, CUC3,000,000 (equivalent to US\$3,000,000, or approximately HK\$23,400,000) had been contributed by the Foreign Party. Upon completion of the Acquisition Agreement, the outstanding capital contribution of CUC23,881,976 (equivalent to US\$23,881,976, or approximately HK\$186,279,413) will be contributed by the Purchaser.

The Site is situated in Havana, the capital of Cuba and which is 26 kilometres away from the city centre. The Site occupy an area of approximately 3,362,200 square metres (including 2,392,200 square metres with land use right of fifty years and 970,000 square metres of freehold land) and the parties are targeting to develop and operate a golf resort centre at the Site which will include hotels and golf resorts for rental purpose and high end residential and commercial properties for sales purpose. The Company will cooperate with internationally famous hotel group to develop and operate the Project.

The funding of the Project will be financed by the registered capital (including future capital raising of the Target Company), bank loans and sales proceed of properties.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition Agreement, Bellomonte will be classified as a joint venture of the Target Company and accounted for using the equity method of accounting in the consolidated financial statements of the Target Company. The Target Company will be considered as a subsidiary of the Group.

The Target Company was newly incorporated in July 2016. Save for acquisition of 49% equity interest in Bellomonte, the Target Company have not incurred any material profit and loss items. Based on the management accounts, the unaudited net assets of Target Group amounted to approximately US\$2,954,615 (equivalent to approximately HK\$23,045,997) as at 30 June 2016. The share of loss of approximately US\$45,385 mainly incurred the expenses in the initial incorporation.

REASONS FOR AND BENEFITS DERIVED FROM THE ACQUISITION

The Group is principally engaged in investment in, development and operation of logistics, commercial, residential and industrial properties, provision of logistics services, including leasing of warehouse facilities and provision of related management services.

After half century's embargo, the United States of America officially restored diplomatic relationships with Cuba on 20 July, 2015. It is generally believed this change will create ample business opportunities to foreign investors and tele-communication and tourism are considered the pioneers to enjoy the benefits. Presently, JetBlue Airways has established direct flights from New York to Havana. Carnival Corp is about to launch a cruise line from Miami, U.S. to Havana for travelling. According to the statistics of American Society of Travel Agents, once the U.S. government lifts its ban on leisure travel to Cuba, there will be two million Americans making their way to Cuba every year. So far there is shortage of qualified hotels in Cuba. Since we will cooperate with internationally famous brand of hotel management group to develop the Project, we believe the Project will be successful and will provide satisfactory return to the Company. The Board considers that the Acquisition is beneficial to the Company and in the interests of the Shareholders as a whole.

In view of the above, the Directors are of the view that the Acquisition is in the interest of the Company and the Independent Shareholders as a whole. The Directors also consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable.

Mr. Qiax Xu, a director of the Vendor and an executive director of the Company, has abstained from voting on the relevant board resolution of the Company approving the Acquisition Agreement. Save as above, none of the Directors has material interest in the Acquisition and has abstained from voting on the relevant board resolution of the Company.

IMPLICATION UNDER THE LISTING RULES

The Vendor is a wholly-owned subsidiary of BE Group. BE Group (including its associates) holds about 67.23% of the issued share capital of the Company and is a controlling shareholder of the Company. As such, the Vendor is a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 0.1% but all the applicable ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

After the completion of the Acquisition, the Group is responsible for capital contribution to be made by the Foreign Party in accordance with the terms of the Joint Venture Agreement. As one of more applicable percentage ratios (as defined in the Listing Rules) in respect of such capital contribution are more than 5% but all the applicable ratios are less than 25%, such capital contribution will constitute a discloseable transaction of the Company upon completion of the Acquisition and such transaction is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Acquisition”	the Acquisition by the Company of the entire issued share capital of Target Company from the Vendor subject to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 16 August, 2016 entered into by the Purchaser and the Vendor as vendor in relation to the Acquisition
“associate”	has the meaning ascribed to it under the Listing Rules

“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is a controlling shareholder of the Company
“Bellomonte”	Bellomonte S. A., a company established in Cuba
“Board”	the board of Directors
“Company”	Beijing Properties (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms of the Acquisition Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cuba”	the Republic of Cuba
“Cubagolf”	Cubagolf, S.A., a company established in Cuba
“Cuban Party”	Cubagolf, one of the JV Parties
“CUC”	Cuban Convertible Peso, one of the two official currencies in Cuba
“Director(s)”	the director(s) of the Company
“Foreign Party”	the Vendor, one of the JV Parties
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than Brilliant Bright and its ultimate beneficial owners and their respective associates
“Joint Venture Agreement”	the joint venture partnership agreement dated 28 July 2015 between the JV Parties on establishment and business of Bellomonte
“JV Parties”	the parties to the Joint Venture Agreement, being Cuban Party and Foreign Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the project to construct, develop and operate a golf resort centre at the Site which will include hotels and golf resorts for rental purpose and high end residential and commercial properties for sale purpose
“Purchaser”	Bellomonte Investments Company Limited, a company incorporated in the Cayman islands and a wholly owned subsidiary of the Company
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Site”	a parcel of land situated in Havana, Cuba for development of the golf resort by Bellomonte

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Bellomonte Limited, a company incorporated in the Cayman Islands
“Target Group”	the Target Company and the Bellomonte
“Vendor”	Beijing Enterprises Real Estate (HK) Limited, a company incorporated in the British Virgin Islands
“%”	per cent

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

Hong Kong, 16 August 2016

For the purpose of this announcement, all amounts denominated in CUC and US\$ have been translated (for information only) into US\$ and HK\$ respectively using the exchange rates of CUC1.00:US\$1.00 and US\$1.00:HK\$7.8. No representation is made that any amounts in CUC, US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As at the date of this announcement, Mr. Qian Xu, Mr. Hu Yebi, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Yu Luning, Mr. Ang Renyi, Mr. Wan Lee Cham, Mr. Dong Qilin and Mr. Li Changfeng are the executive directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Chan Yuk Cheung are the independent non-executive directors.