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Beijing Capital Jiaye Property Services Co., Limited

北京京城佳業物業股份有限公司

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

(Stock Code:2210)

PROPOSED ADOPTION OF SHARE APPRECIATION RIGHTS INCENTIVE SCHEME AND RELATED GRANT PROPOSAL

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The Board is pleased to announce that, on July 26, 2023, the Board has considered and approved the proposed adoption of the Share Appreciation Rights Incentive Scheme and the Related Grant Proposal, and proposed to submit the Scheme to the Beijing SASAC for approval and to Shareholders for approval at the EGM and proposed to submit the Related Grant Proposal to the Beijing SASAC for approval. The Scheme can only be implemented upon the approvals from the Beijing SASAC and Shareholders at the EGM. The Related Grant Proposal can only be implemented upon the approval from the Beijing SASAC, the taking effect of the Scheme and the satisfaction of the relevant conditions of the grant. The terms of the Scheme and the Related Grant Proposal may be amended by the Company at the request of the Beijing SASAC and other regulatory authorities.

A circular containing further details of the Scheme will be despatched to the Shareholders as soon as practicable for the Shareholders' consideration and approval at the EGM.

As the Scheme and the Related Grant Proposal would not involve the grant of new shares to be issued by the Company or any of its subsidiaries or any share options in connection therewith and therefore, they do not fall within the ambit of and are not subject to the requirements under Chapter 17 of the Listing Rules.

MAIN CONTENTS OF THE SCHEME

A summary of the major terms of the Scheme is set out below. The terms of the Scheme will be further amended if required by the Beijing SASAC and other regulatory authorities.

- Incentive Instruments:** The Share Appreciation Rights are used as the incentive instruments for the Scheme. Each Share Appreciation Right granted under the Scheme entitles the Incentive Recipients to obtain the gains from the appreciation (which is the excess of the market price over the exercise price on the exercise date) of one H Share during the effective period of the Scheme, provided that conditions and arrangements for taking effect are met. The gains will be paid by the Company in cash.
- Effective Conditions of the Scheme:** The Scheme is conditional on the fulfillment of the following conditions:
- (1) approval by the Beijing SASAC; and
 - (2) approval by the Shareholders at the EGM.
- Effective Date and Effective Period of the Scheme:** The effective date of the Scheme shall be the date on which the approval by the Shareholders at the EGM is obtained. Unless it is early terminated according to relevant rules, the Scheme shall be valid for a period of six (6) years commencing from the effective date.
- Frequency of Grant:** The Related Grant Proposal under the Scheme is divided into the initial grant and the reserved grant. The date of the initial grant is, in principle, the same as the date on which the Scheme is considered and approved at the EGM. The reserved grant shall be conducted within 12 months after the Scheme is considered and approved at the EGM.
- Incentive Recipients:** Executive Directors, senior management, management and technical core backbones of the Company, excluding independent non-executive Directors, non-executive Directors, Supervisors and persons who were restricted by other legal regulations and policies. The scope of the Incentive Recipients shall be proposed by the Remuneration and Evaluation Committee and conclusively determined by the Board in accordance with the relevant requirements under the Scheme.
- Limit of the Share Appreciation Rights to be Granted:**
- (1) the total number of the Share Appreciation Rights to be granted within the effective period of the Scheme shall not in aggregate exceed 10% of the total issued share capital of the Company; and
 - (2) the number of Share Appreciation Rights (including exercised and unexercised rights) granted to any one Incentive Recipient within the effective period of the Scheme shall not exceed 1% of the total issued share capital of the Company.

Effective Period Arrangement for the Share Appreciation Rights: All the Share Appreciation Rights granted to the Incentive Recipients under the Scheme shall not be effective within two years (24 months) from the date of grant, nor shall be exercised prior to becoming effective. Subject to the satisfaction of the exercise conditions, the Share Appreciation Rights shall be exercised in batches in the following manner:

- (1) by the end of the second anniversary (24 months) from the date of grant, 34% of the Share Appreciation Rights granted to each Incentive Recipient under such grant shall become effective;
- (2) by the end of the third anniversary (36 months) from the date of grant, another 33% of the Share Appreciation Rights granted to each Incentive Recipient under such grant shall become effective;
- (3) by the end of the fourth anniversary (48 months) from the date of grant, the remaining 33% of the Share Appreciation Rights granted to each Incentive Recipient under such grant shall become effective.

Only the Share Appreciation Rights which have become effective can be exercised. The portion which has not become effective shall not be exercised.

Grant Conditions for the Share Appreciation Rights: (I) None of the following circumstances has occurred to the Company:

- (1) failure to engage an accounting firm to conduct the audit in accordance with the prescribed procedures and requirements;
- (2) significant objections to the results or annual financial report of the Company raised by the state-owned assets supervision and administration authority, the Supervisory Committee or the audit department;
- (3) penalties imposed by securities regulatory authorities and other competent departments as a result of material non-compliance with regulations;
- (4) issuance of an audit report containing an adverse opinion or a disclaimer of opinion by a certified public accountant in the financial report or internal control evaluation for the latest accounting year;
- (5) failure to distribute profits in accordance with laws and regulations, Articles of Association or public undertakings during the latest three years;
- (6) prohibition from implementation of equity-based incentives by laws and regulations; and
- (7) any other circumstances as determined by competent securities regulatory bodies.

- (II) Combined operating trend and operating cycle of the industry, based on average results of the Company disclosed in the past three years, average results of peers in the same industry (or the 50th percentile of benchmarking enterprises), the Board of the Company has reasonably set the performance-based conditions. Particularly, taking 2022 as the base year for grant, the Company shall simultaneously fulfill all of the following performance-based conditions:
- (1) the return on net assets attributable to owners of the parent after deduction of non-recurring profits and losses of the Company for 2022 shall not be lower than 13.5%, and shall not be lower than the 50th percentile of the benchmarking enterprises;
 - (2) the growth rate of the Company's operating revenue for 2022 shall not be lower than 23%, and shall not be lower than the 50th percentile of the benchmarking enterprises;
 - (3) the net profit growth rate attributable to owners of the parent after deduction of non-recurring profits and losses of the Company for 2022 shall not be lower than 24%, and shall not be lower than the 50th percentile of the benchmarking enterprises;
 - (4) the revenue from property value-added services of the Company for 2022 shall not be less than RMB500 million; and
 - (5) the comprehensive corporate collection rate of the Company for 2022 shall not be less than 92%.
- (III) None of the following circumstances has occurred to the Incentive Recipients:
- (1) the financial accountability audit indicating ineffective performance of functions, gross negligence or malfeasance in office;
 - (2) the Party construction appraisal result of the Incentive Recipients being rated as "unqualified";
 - (3) violating the relevant national laws and regulations and the Articles of Association;
 - (4) during his/her term of office, violating relevant laws and regulations and receiving punishment(s) for misconducts such as demanding and accepting bribes, engaging in embezzlement and theft, leaking trade and technical secrets of the Company, or conducting related party transactions that damage the Company's interests, reputation and have a significantly negative impact on the Company's image;

- (5) non-performance or improper performance of duties causing significant asset losses and other severe and adverse consequences to the Company;
- (6) having been identified as an inappropriate candidate by competent securities regulatory bodies in the past year;
- (7) having been imposed with administrative penalties or prohibited from market entry by competent securities regulatory bodies in the past year due to material violation of laws and regulations;
- (8) having been prohibited from acting as a director or senior management member of a company by relevant laws and regulations;
- (9) having been prohibited from participating in any equity-based incentives of listed companies by laws and regulations; and
- (10) other circumstances as determined by competent securities regulatory bodies.

Exercise Conditions
for the Share
Appreciation Rights:

The Share Appreciation Rights granted to the Incentive Recipients can be exercised after all of the following conditions are satisfied:

- (I) There is no occurrence of any of the circumstances described in item (I) of the above “Grant Conditions for the Share Appreciation Rights” to the Company;
- (II) The Company fulfills all of the following performance-based conditions:
 - (1) the return on net assets attributable to owners of the parent after deduction of non-recurring profits and losses of the Company from 2024 to 2026 shall be no less than 15%, 16% and 17%, respectively, and no less than the 75th percentile of the benchmarking enterprises;
 - (2) each year-on-year growth rate of the Company’s operating revenue for each year from 2024 to 2026 shall be no less than 25%, and no less than the 75th percentile of the benchmarking enterprises;
 - (3) each year-on-year growth rate of net profit attributable to owners of the parent after deduction of non-recurring profits and losses of the Company from 2024 to 2026 shall be no less than 26%, and no less than the 75th percentile of the benchmarking enterprises;

- (4) the revenue from the property value-added services of the Company from 2024 to 2026 shall not be less than RMB700 million, RMB850 million and RMB1,020 million, respectively; and
 - (5) the comprehensive corporate collection rate of the Company from 2024 to 2026 shall not be lower than 93%, 94% and 94%, respectively.
- (III) There is no occurrence of any of the circumstances described in item (III) of the above “Grant Conditions for the Share Appreciation Rights” to the Incentive Recipients;
- (IV) Appraisal requirements to the Incentive Recipients:
- (1) if the performance appraisal score of the Incentive Recipient in the previous year is 80 points or above, his/her exercisable percentage shall be 100%;
 - (2) if the performance appraisal score of the Incentive Recipient in the previous year is between 70 points and 79 points, his/her exercisable percentage shall be 80%;
 - (3) if the performance appraisal score of the Incentive Recipient in the previous year is 70 points or less or the Party construction appraisal is unqualified, his/her exercisable percentage shall be 0%, meaning the number of exercisable Share Appreciation Rights by an Incentive Recipient within that exercise period is zero and his/her Share Appreciation Rights will be cancelled by the Company.

The number of exercisable Share Appreciation Rights by an Incentive Recipient within an exercise period is the result of multiplying the corresponding exercisable percentage by the total number of exercisable Share Appreciation Rights of the same period.

Exercise Price:

The exercise price of Share Appreciation Rights shall be determined with reference to the fair market price and shall not be lower than the highest of the following four prices:

- (1) the closing price of the H Shares as stated in the Stock Exchange’s daily quotation sheet as at the date of grant of the Share Appreciation Rights;
- (2) the average closing price of the H Shares as stated in the Stock Exchange’s daily quotations sheets for five consecutive trading days prior to the date of grant of the Share Appreciation Rights;
- (3) the nominal value of the H Shares of the Company; and
- (4) 70% of net assets per share of the Company at the end of 2021.

In the event of dividend distribution, conversion of capital reserves into share capital, distribution of bonus shares, stock subdivision, rights issue or share consolidation of the Company prior to an exercise, the exercise price will be adjusted in accordance with relevant provisions of the Scheme.

Grant Procedures: The Remuneration and Evaluation Committee is responsible for the formulation of the grant proposal under the Scheme. The Board will consider and approve each grant proposal and determine the grant date. The Incentive Recipients will enter into the Share Appreciation Rights Agreement with the Company.

Exercise Procedures: During the effective period, upon the satisfaction of the exercise conditions, the Incentive Recipients may propose to exercise on an effective exercise date (or during an exercise window period), and the Company shall consolidate the exercise of the Incentive Recipients in accordance with the Scheme.

PROPOSED GRANT OF SHARE APPRECIATION RIGHTS UNDER THE SCHEME

After the adoption of the Share Appreciation Rights Incentive Scheme is approved by the Beijing SASAC and the relevant resolution is approved by the Shareholders at the EGM, the Company proposes to grant 4,220,000 Share Appreciation Rights to the Incentive Recipients, among which, the initial grant is 3,420,000 Share Appreciation Rights and the reserved grant is 800,000 Share Appreciation Rights, with the number of underlying H Shares accounting for approximately 2.88% of the total issued share capital of the Company. Upon the adoption of the Scheme, the Board will define a specific grant date pursuant to relevant provisions of the Scheme, and officially grant Share Appreciation Rights to the Incentive Recipients and the Company will perform its obligation to disclose relevant information (if necessary) in due course in accordance with applicable Listing Rules.

Subject to the foregoing provisions, the allocation particulars of the Share Appreciation Rights to be granted under the Scheme among the Incentive Recipients are as set out in the table below:

Incentive Recipients and Positions	Number of Incentive Recipients	Number of the Share Appreciation Rights to be granted (0'000 shares)	Approximate percentage to the total number of the Share Appreciation Rights to be granted	Approximate percentage to the total issued share capital
Yang Jun Executive Director, General Manager, and Deputy Secretary to the Party Committee	1	20	4.74%	0.14%
Luo Zhou Executive Director, Deputy General Manager	1	17	4.03%	0.12%
Yao Xin Executive Director, Deputy General Manager	1	17	4.03%	0.12%
Other Senior Management	7	98	23.22%	0.67%
Core Backbone Employees	17	190	45.02%	1.3%
Total of the Initial Grant	27	342	81.04%	2.33%
Total of the Reserved Grant	6	80	18.96%	0.55%
Total	33	422	100.00%	2.88%

Notes:

- (1) Incentive Recipient shall not be a substantial Shareholder or de facto controller holding over 5% of the shares of the Company, or parents, spouses or children thereof;
- (2) The number of underlying shares of Share Appreciation Rights to be granted under the Scheme to any Incentive Recipient mentioned above is no more than 1% of the total share capital of the Company;
- (3) The maximum gains from the Share Appreciation Rights to be received by any Director or member of senior management under the Scheme shall not exceed 40% of his/her total remuneration (including expected gains from Share Appreciation Rights) as at the grant of the Share Appreciation Rights; and
- (4) The number of Incentive Recipients mentioned above shall be subject to the review of the Remuneration and Evaluation Committee and the approval of the Board from time to time according to the terms of the Scheme.

In relation to the above Related Grant Proposal on the Share Appreciation Rights under the Scheme, each of Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin has abstained from voting in respect of relevant resolution on approving the grant of the Share Appreciation Rights to himself.

REASONS FOR THE ADOPTION OF THE SCHEME

The Board is of the opinion that the Scheme can further refine the corporate governance structure and long-term incentive mechanism of the Company, and better motivate the management team and core backbone employees. It will also effectively promote the achievement of the medium and long-term strategic goal of the Company, establish a long-term incentive mechanism closely linked to the operating performance and long-term strategies of the Company, and optimize the overall remuneration structure of the Company. The Board and the Remuneration and Evaluation Committee consider that the proposed terms and conditions of the Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

According to the Scheme, each Share Appreciation Right is notionally linked to one H Share, which entitles the Incentive Recipients to obtain the gains from the appreciation (which is the excess of the market price over the exercise price on the exercise date) of a specified amount of H Shares, and the Share Appreciation Rights will be settled in cash. However, the Company will not actually issue any H Shares to any Incentive Recipient. Therefore, it will not affect the total number of issued H Shares of the Company, neither will it have diluted influence on the Company's shares. The Scheme and the Related Grant Proposal would not involve the grant of new shares to be issued by the Company or any of its subsidiaries or any share options in connection therewith and therefore, it does not fall within the ambit of, and is not subject to the requirements under Chapter 17 of the Listing Rules.

Incentive Recipients do not actually hold shares, nor do they have the right as the Shareholders, such as voting rights or placing rights. Incentive Recipients shall not deal with the Share Appreciation Rights granted under the Related Grant Proposal without permissions, including but not limited to transfer, disposal, exchange, pledge, charge and repaying debts privately.

The Board hereby emphasizes that the implementation of the Scheme is subject to the approval from the Beijing SASAC and the approval from the Shareholders at the EGM. The Related Grant Proposal can only be implemented upon the approval from the Beijing SASAC, the taking effect of the Scheme and the satisfaction of the relevant conditions of the grant. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITION

“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Beijing SASAC”	State-owned Assets Supervision and Administration Commission of Beijing Municipality
“Board”	the board of Directors of the Company
“China” or “PRC”	the People's Republic of China, but for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region

“Company”	Beijing Capital Jiaye Property Services Co., Limited, a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2210)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of, among other things, seeking the Shareholders’ approval for the Scheme referred to in this announcement, and a circular setting out further details of the Scheme will be despatched to the Shareholders as soon as practicable
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange
“Incentive Recipients”	individual(s) proposed to be granted the Share Appreciation Rights under the Scheme
“Related Grant Proposal”	the related grant proposal under the Scheme to be adopted by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme” or “Share Appreciation Rights Incentive Scheme”	Share Appreciation Rights Incentive Scheme of Beijing Capital Jiaye Property Services Co., Limited to be proposed for adoption at the EGM, pursuant to which, the Share Appreciation Rights will be granted by the Company to the Incentive Recipients
“Share Appreciation Right(s)”	the share appreciation rights under the Scheme, entitling the Incentive Recipients to obtain the gains from the appreciation (which is the excess of the market price over the exercise price on the exercise date) of a specified amount of H Shares during the effective period of the Scheme, provided that conditions and arrangements for taking effect are met. Incentive Recipients do not actually hold shares, nor do they have the right as the Shareholders, such as voting rights or placing rights. Incentive Recipients shall not deal with the Share Appreciation Rights granted under the Related Grant Proposal without permissions, including but not limited to transfer, disposal, exchange, pledge, charge and repaying debts privately
“Shareholder(s)”	the shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Supervisor(s)” the supervisor(s) of the Company

“Supervisory Committee” the supervisory committee of the Company

By order of the Board
Beijing Capital Jiaye Property Services Co., Limited
Zhang Weize
Chairman

Beijing, the PRC
July 26, 2023

As at the date of this announcement, the Board consists of Mr. Zhang Weize, Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin as executive Directors, Ms. Jiang Xin and Mr. Mao Lei as non-executive Directors, and Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo as independent non-executive Directors.