
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Beijing Capital Land Ltd., you should at once hand this circular together with the accompanying reply slips and proxy forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

(1) MAJOR DISPOSAL
(2) SUBSCRIPTION OF CONVERTIBLE PREFERENCE SHARES AND
MAJOR TRANSACTION
AND
(3) NOTICE OF EGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 8 to 36 of this circular.

A notice convening the EGM to be held at 9:00 a.m. on Monday, 18 July 2016 at F17, Red Goldage, No.2, Guang Ning Bo Street, Beijing, PRC, together with the reply slip and form of proxy are also enclosed herein.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed reply slip and form of proxy in accordance with the instructions printed thereon as soon as possible, but in any event not later than 5:00 p.m. on Sunday, 10 July 2016 for the reply slip and not later than 24 hours before the respective time appointed for holding the EGM or any adjournment thereof for the form of proxy. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meetings thereof should you so desire and in such event, the relevant form(s) of proxy shall be deemed to be revoked. Shareholders who intend to attend the meetings in person or by proxy should complete and return the reply slip in accordance with the instructions printed thereon on or before Sunday, 10 July 2016.

30 June 2016

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DEFINITIONS

Unless the context otherwise requires, capitalised terms in this circular shall have the meanings as follows:

“Amended Non-Competition Deed”	the amended non-competition deed dated 28 June 2016 entered into between the Company and BC Juda, replacing the Non-Competition Deed
“Articles”	the articles of association of the Company, as may be amended from time to time
“BC Juda”	Beijing Capital Juda Limited (首創鉅大有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329) and an indirect non-wholly owned subsidiary of the Company
“BC Juda Articles”	the articles of association of BC Juda adopted on 14 March 2012, as may be amended from time to time
“BC Juda Enlarged Group”	the BC Juda Group and the Target Group
“BC Juda EGM”	the extraordinary general meeting of BC Juda to be convened for its shareholders to consider and, if thought fit, to approve, among others, the acquisition of the Outlets Projects by BC Juda from the Company, the Subscription, the Amended Non-Competition Deed and the BC Juda Specific Placing Mandate
“BC Juda Group”	BC Juda and its subsidiaries immediately prior to Completion
“BC Juda Specific Placing Mandate”	the proposed specific mandate to be granted by shareholders of BC Juda at the BC Juda EGM to the directors of BC Juda to issue not more than 790 million new ordinary shares of BC Juda
“BCG”	BCG Chinastar International Investment Limited (首創華星國際投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Capital Group
“BECL Investment”	BECL Investment Holding Limited, a company incorporated in Hong Kong with limited liability, a directly wholly-owned subsidiary of the Company
“Beijing Hengsheng”	Beijing Hengsheng Huaxing Investment Management Co., Ltd.* (北京恒盛華星投資管理有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of Chuangxin Jianye

DEFINITIONS

“Beijing Yangguang”	Beijing Yangguang Outlets Business Management Co., Ltd.* (北京陽光奧萊商業管理有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of Chuangxin Jianye
“Board”	the board of Directors
“Business Day”	a business day on which the Stock Exchange is open for the transaction of business
“Capital Group”	Beijing Capital Group Co., Ltd.* (北京首都創業集團有限公司), a state-owned enterprise incorporated in the PRC on 26 October 1994 and under the direct supervision of the Beijing Municipal Government, the controlling shareholder of the Company
“Capital Juda”	Capital Juda Outlets Resources Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of BC Juda
“China” or “PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“China Creative”	China Creative Properties Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Chuangxin Jianye”	Beijing Chuangxin Jianye Real Estate Investment Ltd.* (北京創新建業地產投資有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Chuangxin Jianye Equity Transfer Agreement”	an equity transfer agreement dated 8 June 2016 and entered into between Shanghai Juque, Shanghai Juxin and the Company in relation to the equity transfer of the entire issued share capital of Chuangxin Jianye
“Class A Convertible Preference Shares”	the 738,130,482 limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of BC Juda to be re-designated as Class A limited-voting non-redeemable convertible preference shares
“Company”	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 on 5 December 2002, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868)

DEFINITIONS

“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Disposal Agreements and of the Subscription of the CPS in accordance with the terms and conditions of the Subscription Agreement
“Consideration”	RMB2,372,327,068, being the total consideration in relation to the Disposal
“controlling shareholder(s)”	has the meaning as defined under the Listing Rules and in the context of the Company, means Capital Group
“Conversion”	the exercise of the conversion rights attached to the Class A Preference Shares and the CPS to convert the same into ordinary shares of BC Juda
“Conversion Shares”	the 905,951,470 new ordinary shares of BC Juda to be allotted and issued to BECL Investment by BC Juda upon the exercise by BECL Investment of the conversion rights attaching to the CPS, credited as fully paid
“CPS”	the 905,951,470 new limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in the share capital of BC Juda having the rights and restrictions set out in the Subscription Agreement which, subject to approval by shareholders of BC Juda, will be designated as Class B limited-voting non-redeemable convertible preference shares of HK\$0.01 each to be allotted and issued by BC Juda credited as fully paid against payment therefor, and CPS shall refer to any one of them
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares and the Shareholder Loan by the Company to BC Juda as contemplated under the Disposal Agreements
“Disposal Agreements”	the Chuangxin Jianye Equity Transfer Agreement, the Huzhou Equity Transfer Agreement and the Shareholder Loan Transfer Agreement, and “Disposal Agreement” shall refer to any of them
“DTZ”	DTZ Cushman & Wakefield Limited

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, among others, (i) the Disposal; (ii) the Subscription; and (iii) the Amended Non-Competition Deed and the transactions contemplated thereunder
“Fangshan Outlets”	Outlets Property Investment Fang Shan Ltd.* (北京首創奧特萊斯房山置業有限公司), a company incorporated in the PRC and 99% directly held by Chuangxin Jianye and 1% directly held by China Creative as at the Latest Practicable Date
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“H Shares”	the ordinary shares of RMB1.00 each in the share capital of the Company, which are issued outside the PRC, listed on the Stock Exchange and traded in Hong Kong
“Hainan Entrustment Agreement”	an entrustment agreement dated 28 June 2016 and entered into between the Company and BC Juda for, among others, the leasing, marketing and property management of Hainan Integrated Outlets Project
“Hainan Integrated Outlets Project”	an outlets-backed commercial integrated project located in Wanning, Hainan Province, the PRC and owned as to 55% by the Company
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Huzhou Equity Transfer Agreement”	an equity transfer agreement dated 8 June 2016 and entered into between Capital Juda and Renowned Brand in relation to the equity transfer of the entire issued share capital of Huzhou Outlets
“Huzhou Outlets”	Zhejiang Outlets Property Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of Renowned Brand as at the Latest Practicable Date
“Independent Shareholder(s)”	the Shareholders(s) other than Capital Group and its close associates (including BCG, China Resource Products Limited and Yieldwell International Enterprise Limited), and any person who has a material interest in the Disposal, the Subscription and the Amended Non-Competition Deed

DEFINITIONS

“Issue Price”	HK\$2.78 per CPS
“Joint Announcement”	the joint announcement of the Company and BC Juda dated 8 June 2016 in relation to, among other things, the Disposal and the Subscription
“Kunshan Dongxing”	Capital Dongxing (Kunshan) Business Development Co., Ltd.* (首創東興（昆山）商業開發有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of Chuangxin Jianye
“Kunshan Outlets”	Capital Outlets (Kunshan) Business Development Co., Ltd.* (首創奧特萊斯（昆山）商業開發有限公司), a company incorporated in the PRC and a directly wholly-owned subsidiary of Chuangxin Jianye
“Last Trading Day”	7 June 2016, being the last full trading day for the Shares before the date of the Joint Announcement
“Latest Practicable Date”	28 June 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Competition Deed”	the deed of non-competition dated 13 November 2014 and executed by each of the Company and BC Juda mutually in favour of each other
“Outlets Projects”	Fangshan Integrated Outlets Project, Huzhou Integrated Outlets Project and Kunshan Integrated Outlets Project, being the three outlets-backed commercial integrated projects held by the Target Group, and “Outlets Project” shall refer to any of them
“Potential Placing(s)”	one or more potential share placement(s) to be conducted by BC Juda pursuant to which new ordinary shares of BC Juda will be issued under a specific mandate
“Purchasers”	Capital Juda, Shanghai Juque and Shanghai Juxin, and “Purchaser” shall refer to any of them
“PwC”	PricewaterhouseCoopers

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Renowned Brand”	Renowned Brand Outlet Store Enterprise Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Sale Shares”	the entire issued share capital of each of the Target Companies
“Sellers”	the Company and Renowned Brand, and “Seller” shall refer to any of them
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Juque”	Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of BC Juda
“Shanghai Juxin”	Shanghai Juxin Enterprise Management Consultation Co., Ltd.* (上海鉅歆企業管理諮詢有限公司), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of BC Juda
“Shares”	the domestic share(s), non-H foreign share(s) and H Share(s) of RMB1.00 each in the registered capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder Loan”	the amount of RMB1,197,796,182 outstanding and owing by Chuangxin Jianye to the Company as of the date of the Shareholder Loan Transfer Agreement
“Shareholder Loan Transfer Agreement”	a transfer agreement dated 8 June 2016 and entered into among the Company, Shanghai Juque and Chuangxin Jianye in relation to the transfer of the Shareholder Loan
“Specific Mandate”	the specific mandate proposed to be granted by the independent shareholders of BC Juda to its directors at the BC Juda EGM to allot and issue the CPS and the Conversion Shares (as the case may be)
“sq.m”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by BECL Investment of the CPS in accordance with the terms and conditions set out in the Subscription Agreement

DEFINITIONS

“Subscription Agreement”	a subscription agreement dated 8 June 2016 entered into between BECL Investment and BC Juda in relation to the subscription by BECL Investment of 905,951,470 CPS to be allotted and issued by BC Juda
“Target Cities”	Xi’an, Hangzhou, Nanjing, Jinan, Changsha, Fuzhou, Wuhan, Hefei, Kunming, Zhengzhou, Nanchang, Nanning, Changchun, Harbin, Suzhou, Xiamen and Dalian in the PRC
“Target Companies”	Chuangxin Jianye and Huzhou Outlets, and “Target Company” shall refer to any of them
“Target Group”	the Target Companies and their subsidiaries, and “a member of the Target Group” shall refer to any of them
“%”	per cent.

In this circular, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected transaction(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)”, if used, shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

References to the singular number include references to the plural and vice versa and references to one gender include every gender.

The English names of Chinese entities marked with “” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

LETTER FROM THE BOARD



首創置業股份有限公司 BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

Executive Directors:

Wang Hao (Chairman)

Tang Jun (President)

Non-executive Directors:

Li Songping

Song Fengjing

Shen Jianping

Sun Baojie

Independent non-executive Directors:

Wang Hong

Li Wang

Wong Yik Chung, John

Registered address:

Room 6008, Block 1

No. 26, Qingchun Road

Huairou District

Beijing

PRC

Place of business in the PRC:

F17, Red Goldage

No.2, Guang Ning Bo Street

Beijing

PRC

Place of business in Hong Kong:

Suites 2906-08, AIA Central

1 Connaught Road Central

Hong Kong

30 June 2016

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR DISPOSAL
(2) SUBSCRIPTION OF CONVERTIBLE PREFERENCE SHARES AND
MAJOR TRANSACTION
AND
(3) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Joint Announcement. On 8 June 2016, the Purchasers, which are subsidiaries of BC Juda, and the Sellers, which are the Company and Renowned Brand, entered into the Disposal Agreements for the proposed disposal of the Outlets Projects. Pursuant to the Disposal Agreements, the Sellers have conditionally agreed to sell and the Purchasers have conditionally agreed to acquire the Sale Shares, representing 100% of the equity interest in the Target Companies which in turn hold the entire interest in the respective Outlets Project and related trademarks, and the Shareholder Loan.

LETTER FROM THE BOARD

The Target Group is primarily engaged in the development and operation of outlets-backed commercial integrated projects and has a portfolio of three integrated outlets projects located in Beijing, Kunshan and Huzhou in the PRC and related trademarks.

For the purpose of funding and partial settlement of the Consideration payable by BC Juda Group, on 8 June 2016, BECL Investment (as subscriber), a wholly-owned subsidiary of the Company, and BC Juda (as issuer) entered into the Subscription Agreement, pursuant to which BECL Investment conditionally agreed to subscribe for and BC Juda conditionally agreed to allot and issue 905,951,470 CPS on the terms and conditions set out in the Subscription Agreement at an issue price of HK\$2.78 per CPS. All proceeds arising from the issue of the CPS will be used to settle the consideration payable by BC Juda Group for the Disposal.

The purpose of this circular is to provide you with (i) further details of the Disposal and the Subscription; (ii) valuation of properties of the Target Group; (iii) other information as required to be disclosed under the Listing Rules; and (iv) to give notice of the EGM.

THE DISPOSAL

The Disposal Agreements

(a) Chuangxin Jianye Equity Transfer Agreement

Date

8 June 2016

Parties

- (1) Shanghai Juque (as one of the purchasers), a subsidiary of BC Juda;
- (2) Shanghai Juxin (as one of the purchasers), a subsidiary of BC Juda; and
- (3) the Company (as the seller).

Subject Matter

Subject to the terms and conditions of Chuangxin Jianye Equity Transfer Agreement, (a) Shanghai Juque has conditionally agreed to acquire, and the Company has conditionally agreed to sell, 51% of the issued share capital of Chuangxin Jianye and (b) Shanghai Juxin has conditionally agreed to acquire, and the Company has conditionally agreed to sell, 49% of the issued share capital of Chuangxin Jianye.

LETTER FROM THE BOARD

Consideration

The consideration for the Chuangxin Jianye Equity Transfer Agreement shall be RMB701,573,886, which shall be satisfied by cash payment by Shanghai Juque and Shanghai Juxin as to 51% and 49%, respectively, to the Company on completion of the Chuangxin Jianye Equity Transfer Agreement.

Chuangxin Jianye directly holds the entire issued share capital of each of Kunshan Dongxin, Kunshan Outlets, Beijing Hengsheng and Beijing Yangguang and 99% of the issued share capital of Fangshan Outlets. The remaining 1% of the issued share capital of Fangshan Outlets is directly held by China Creative, a wholly-owned subsidiary of the Company. The Company will procure the intragroup transfer of the 1% issued share capital of Fangshan Outlets to Chuangxin Jianye on or prior to completion of the Chuangxin Jianye Equity Transfer Agreement.

Fangshan Outlets holds an outlets-backed commercial integrated project in Fangshan District, Beijing, the PRC, a national “AAA” tourist attraction which comprises over 250 street-level outlet shops, a multi-story complex and supporting facilities. It has attracted over 24.3 million tourists since its opening in May 2013.

Kunshan Dongxin and Kunshan Outlets together hold an outlets-backed commercial integrated project in Kunshan, Jiangsu Province, the PRC, which comprises over 350 outlet shops and other supporting facilities. It has attracted over 490 thousand visitors since its opening in September 2015.

Beijing Hengsheng is the registered holder of the registered trademarks “Capital Outlets”, “Capitol Outlets” and “瀾錦滙” in the PRC, apart from which it does not have any operating activities. Upon Completion, the BC Juda Enlarged Group shall be entitled to use the trademarks in the course of its operations of the Outlets Projects.

Beijing Yangguang is a business management company. As at the Latest Practicable Date, it does not hold any properties or trademarks or have any operating activities. It is envisaged that after Completion Beijing Yangguang will be used for provision of outlets leasing and management services.

LETTER FROM THE BOARD

(b) Huzhou Equity Transfer Agreement

Date

8 June 2016

Parties

- (1) Capital Juda (as the purchaser), a subsidiary of BC Juda; and
- (2) Renowned Brand (as the seller), a subsidiary of the Company.

Subject Matter

Capital Juda has conditionally agreed to acquire, and Renowned Brand has conditionally agreed to sell, the entire issued share capital of Huzhou Outlets, subject to the terms and conditions of the Huzhou Equity Transfer Agreement.

Huzhou Outlets holds an outlets-backed commercial integrated project in the Taihu Lake tourist district in Huzhou, Zhejiang Province, the PRC, a national “AAA” tourist attraction which comprises over 300 street-level outlet shops, a budget hotel and supporting facilities. It has attracted over 820 thousand tourists since its opening in December 2013.

Consideration

The consideration for the Huzhou Equity Transfer Agreement shall be RMB472,957,000, which shall be satisfied by cash payment by Capital Juda to Renowned Brand on completion of the Huzhou Equity Transfer Agreement.

(c) Shareholder Loan Transfer Agreement

Date

8 June 2016

Parties

- (1) Shanghai Juque (as the purchaser), a subsidiary of BC Juda;
- (2) the Company (as the seller); and
- (3) Chuangxin Jianye.

LETTER FROM THE BOARD

Subject Matter

Shanghai Juke has conditionally agreed to acquire, and the Company has conditionally agreed to sell, the Shareholder Loan, subject to the terms and conditions of the Shareholder Loan Transfer Agreement. Completion of the Shareholder Loan Transfer Agreement is conditional upon completion of the Chuangxin Jianye Equity Transfer Agreement.

Consideration

The consideration for the Shareholder Loan Transfer Agreement shall be RMB1,197,796,182, which shall be satisfied by cash payment by Shanghai Juke to the Company on completion of the Shareholder Loan Transfer Agreement, of which RMB931,276,042 shall be satisfied by using proceeds from the issue of the CPS and the remaining RMB266,520,140 shall be satisfied by internal resources of BC Juda.

Basis of the Consideration

The aggregate value of the Consideration shall be RMB2,372,327,068. The Consideration was determined after arm's length negotiation between the parties to the respective Disposal Agreement, taking into consideration of the following factors:

- (i) the net asset value of the Target Companies as at 31 December 2015 in the amount of RMB1,149,953,000, which has taken into account, inter alia, the preliminary appraised value of properties of the Target Companies based on an independent valuation as at 31 December 2015;
- (ii) the amount of the Shareholder Loan of RMB1,197,796,182;
- (iii) the Consideration representing a nominal premium of approximately 1.05% (being RMB24,577,886) to the aggregate amount of (i) and (ii) above (being RMB2,347,749,182); and
- (iv) the preliminary appraised value of properties of the Target Companies in the amount of RMB3,669,000,000, based on an independent valuation as at 31 December 2015 adopting the investment method or direct comparison method by capitalization of rental income or by reference to comparable market transactions respectively, and adjusted for construction cost to be incurred, if any.

Please refer to the property valuation report prepared by DTZ as set out in Appendix II to this circular. It is noted that in the summary of valuations and the relevant valuation certificates contained in the property valuation report, no commercial value has been ascribed by DTZ to Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project as these properties are subject to sale and transfer restrictions, being requirements stated in the relevant land grant contracts and/or land title documents that the property shall be held by the project company for operation and not for sale. Therefore, the amount of RMB1,001,000,000 as stated in the summary of valuations contained in the property valuation report only reflects the market value of Huzhou Integrated Outlets Project as at 31 March 2016.

LETTER FROM THE BOARD

Having considered:

- (i) No commercial value being ascribed to Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project is a valuation treatment only due to technicality. As stated in the paragraph headed “Basis of Valuation” in the property valuation report, “market value” as per The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. In view of such definition of “market value”, DTZ is unable to ascribe a “market value” to Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project as the properties per se cannot be “exchanged”;
- (ii) As advised by the PRC legal advisers to the Company, the aforesaid “sale and transfer restrictions” only apply to sale and transfer of the relevant property itself and do not restrict the sale and transfer of equity interest in the project company holding the relevant property (or equity interest in the holding company of such project company) on the basis that the operation of the property project will not be adversely affected. Accordingly, the equity interest in Chuangxin Jianye, the holding company of Kunshan Outlets, Kunshan Dongxin and Fangshan Outlets, is freely transferrable. As such, the aforesaid “sale and transfer restrictions” would not affect the Acquisition;
- (iii) To reflect the fair market value of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project, DTZ has separately ascribed market values of RMB1,923,000,000 and RMB804,000,000 to Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project, respectively, based on the assumptions that “proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled”. The preliminary appraised value of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project as at 31 December 2015 (being one of the factors for the determination of the Consideration) was also derived on similar basis. On such basis, the total appraised market value of properties of the Target Group as at 31 March 2016 is RMB3,728,000,000;
- (iv) The aforesaid assumptions in (iii) are made for the purpose of enabling DTZ to make an assessment on the fair market value of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project. However, such assumptions are of little relevance to the Outlets Projects being held as investment properties by the BC Juda Enlarged Group, for which release of the “sale and transfer restrictions” is not necessary. The BC Juda Enlarged Group will hold the Outlets Projects as investment properties which generate revenue primarily from leasing the outlet shop spaces therein to brand-name retailers; and
- (v) Despite the “sale and transfer restrictions”, each of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project is physically existing, operational and revenue-generating, and therefore necessarily bears an actual market value as investment properties held for leasing. Not ascribing any commercial value to and thus not taking into account the true market value of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project would, on the other hand, not be a fair and reasonable basis for the determination of the Consideration,

the Directors consider the Consideration fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors are of the view that the terms of the Disposal Agreements, which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent under the Disposal Agreements

Completion of each of the Chuangxin Jianye Equity Transfer Agreement and the Huzhou Equity Transfer Agreement is conditional on the fulfilment (or, if applicable, the waiver) of the following conditions precedent:

- (a) the Company and BC Juda having entered into the Amended Non-Competition Deed;
- (b) approvals having been obtained from the independent shareholders of BC Juda at the BC Juda EGM for, inter alia, (i) the Disposal Agreements and the transactions contemplated thereunder; (ii) the issue of the CPS; (iii) the proposed grant of the Specific Mandate; and (iv) the Amended Non-Competition Deed;
- (c) approvals having been obtained from the Independent Shareholders at the EGM for, inter alia, (i) the Disposal Agreements and the transactions contemplated thereunder; (ii) the Subscription; and (iii) the Amended Non-Competition Deed;
- (d) the acknowledgements, authorisations, consents, permissions, notifications or replies from competent governmental departments or authorities for the purpose of the Disposal, and the necessary approvals, exemptions or permissions of the Stock Exchange in respect of the Disposal having been obtained;
- (e) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the relevant Disposal Agreement;
- (f) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of the relevant Target Company and its subsidiaries having occurred since 31 December 2015;
- (g) the relevant Seller and the relevant Target Company having performed and complied with all agreements, obligations and conditions contained in the relevant Disposal Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder;
- (h) the warranties given by the relevant Seller in the relevant Disposal Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to completion of the relevant Disposal Agreement by reference to the facts and circumstances then existing;
- (i) the warranties given by the relevant Purchaser(s) in the relevant Disposal Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to completion of the relevant Disposal Agreement by reference to the facts and circumstances then existing;

LETTER FROM THE BOARD

- (j) the relevant Purchaser(s) having completed due diligence on all business, legal and financial matters, and all such other matters as deemed necessary by the relevant Purchaser(s) in its/their absolute discretion, in relation to the relevant Target Company, and the relevant Purchaser(s) being satisfied with the results of such due diligence in its absolute discretion;
- (k) DTZ having completed the valuation of the properties of the Target Group in accordance with the requirements of the Listing Rules in relation to the Disposal and the content and results of such valuation being satisfactory to BC Juda;
- (l) PwC having completed the audit of and issued an unqualified opinion on the accountants' report of the Target Group in accordance with the requirements of the Listing Rules in relation to the Disposal and the content and results of such audit being satisfactory to BC Juda;
- (m) each of the relevant Seller and the relevant Target Company having delivered to the relevant Purchaser(s) a certificate signed by one of its directors certifying that the conditions set out in paragraphs (d) to (h) above have been fulfilled; and
- (n) the simultaneous completion of the Subscription Agreement.

If any of the abovementioned conditions has not been fulfilled or waived by the relevant Purchaser(s) (in respect of the conditions set out in (f) to (h), (j) and (m) above) or waived by the relevant Seller (in respect of the conditions set out in (i) above), by 31 December 2016 (or such later date as the parties to the relevant Disposal Agreement may agree in writing), the relevant Disposal Agreement shall terminate and no party shall have any claim against the other, except in respect of any antecedent breach of the terms thereof. In respect of the conditions which may be waived (i.e. the conditions set out in paragraphs (f) to (h), (i), (j) and (m) above), in the event that they are not satisfied prior to completion of the relevant Disposal Agreement, the relevant Purchaser(s) or Seller (as the case may be) may elect to waive such conditions where the impact of such waiver is immaterial and does not affect the substance of the Disposal. The conditions set out in paragraphs (a) to (e), (k), (l) and (n) above are not waivable by the parties to the Chuangxin Jianye Equity Transfer Agreement and the Huzhou Equity Transfer Agreement.

As at the Latest Practicable Date, the conditions set out in paragraphs (a), (k) and (l) above have been fulfilled, and the parties to the respective Disposal Agreement are not aware of any facts or circumstances that will render the conditions set out in paragraphs (e), (f), (h) and (i) above not to be fulfilled upon completion of the relevant Disposal Agreement. The Amended Non-Competition Deed has been entered into between the Company and BC Juda on 28 June 2016.

Completion of the Shareholder Loan Transfer Agreement is conditional upon completion of the Chuangxin Jianye Equity Transfer Agreement, which is not waivable by the parties to the Shareholder Loan Transfer Agreement.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT AND THE SUBSCRIPTION

(a) The Subscription Agreement

Date

8 June 2016

Parties

BECL Investment (as the subscriber) and BC Juda (as the issuer)

Subject matter

BECL Investment has conditionally agreed to subscribe for and BC Juda has conditionally agreed to allot and issue 905,951,470 CPS at the Issue Price.

Consideration

The consideration for the Subscription Agreement shall be HK\$2,518,545,086, based on 905,951,470 CPS to be subscribed at the Issue Price. All proceeds arising from the issue of the CPS pursuant to the Subscription Agreement will be used by BC Juda for the purpose of funding and partial settlement of the Consideration payable by BC Juda pursuant to the Disposal Agreements.

For the avoidance of doubt, the CPS will be issued in connection with the Subscription and not as consideration shares in settlement of the Consideration payable for the Disposal.

Conditions precedent under the Subscription Agreement

Completion of the Subscription Agreement is conditional upon the satisfaction (or if applicable, the waiver) of the following conditions precedent:

- (a) approvals having been obtained from the independent shareholders of BC Juda at the BC Juda EGM for, inter alia, (i) the Subscription Agreement, (ii) the proposed grant of the Specific Mandate, and (iii) the re-designation and re-classification of the authorised share capital of BC Juda and the creation of the CPS;
- (b) approval having been obtained from the Independent Shareholders at the EGM for, inter alia, the Subscription;
- (c) all necessary licences, consents, approvals, authorisations, permissions, waivers, notices, orders, exemptions or notifications of, among others, relevant third parties and/or governmental or regulatory authorities or bodies, which are required for the execution and performance of the Subscription Agreement or completion of the same having been obtained and not having been revoked prior to completion of the Subscription Agreement;

LETTER FROM THE BOARD

- (d) each of the warranties in respect of BC Juda under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any respect as of the date of completion of the Subscription Agreement;
- (e) approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Main Board of the Stock Exchange; and
- (f) simultaneous completion of the Disposal Agreements.

If any of the abovementioned conditions has not been fulfilled (or waived by BECL Investment in respect of the condition set out in paragraph (d) above only) by 31 December 2016 (or such later date as the parties to the Subscription Agreement may agree in writing), the Subscription Agreement shall terminate and no party shall have any claim against the other, except in respect of any antecedent breach of the terms thereof. In respect of the condition which can be waived (i.e. the condition set out in paragraph (d) above), in the event that such condition is not satisfied prior to completion of the Subscription Agreement, BECL Investment may elect to waive such condition where the impact of such waiver is immaterial and does not affect the substance of the Subscription. The conditions set out in paragraphs (a) to (c), (e) and (f) above are not waivable by the parties to the Subscription Agreement.

As at the Latest Practicable Date, none of the above conditions, as applicable, has been fulfilled, and the parties to the Subscription Agreement are not aware of any facts or circumstances that will render the condition set out in paragraph (d) above not to be fulfilled upon completion of the Subscription Agreement. Accordingly, the condition set out in paragraph (d) above is not waived or intended to be waived.

BC Juda will seek the grant of the Specific Mandate from its independent shareholders at the BC Juda EGM for the purpose of the allotment and issue of the CPS and the Conversion Shares.

As at the Latest Practicable Date, BC Juda has in issue 738,130,482 limited-voting non-redeemable convertible preference shares, the major terms of which are summarised in the circular of BC Juda dated 26 November 2014. For the purpose of allotting and issuing the CPS with the major terms summarised in the paragraph headed “Information on the CPS and the Conversion Shares – the CPS” below BC Juda will also propose a resolution at its extraordinary general meeting for the re-designation and re-classification of the authorised share capital of BC Juda and the creation of the CPS. Subject to passing of such resolution, the existing 738,130,482 limited-voting non-redeemable convertible preference shares in the share capital of BC Juda will be re-designated as Class A limited-voting non-redeemable convertible preference shares and the CPS to be issued will be designated as Class B limited-voting non-redeemable convertible preference shares. Accordingly upon Completion, the share capital of BC Juda will comprise its ordinary shares, Class A Convertible Preference Shares and the CPS.

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The Issue Price

The Issue Price was determined at after arm's length negotiations between BC Juda and BECL Investment, having regard to, among other things, the closing price of the ordinary shares of BC Juda immediately before the entering into of the Subscription Agreement (being HK\$2.61 per ordinary share of BC Juda), the audited consolidated net asset value per share (taking into account the total ordinary shares and convertible preference shares of BC Juda in issue) of BC Juda as at 31 December 2015 (being HK\$2.53 per share), the terms and conditions of the Disposal Agreements and the Subscription Agreement, the benefits of the Disposal for the BC Juda Enlarged Group in terms of synergy between the Outlets Projects and other outlets-backed commercial integrated projects of the BC Juda Enlarged Group and the benefits of the Disposal for the Group in terms of consolidation of management and operation of outlets-backed commercial integrated projects under the BC Juda Enlarged Group. The Directors consider that the terms of the Subscription are on normal commercial terms and that such terms and the Issue Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole based on current market conditions.

The Issue Price of HK\$2.78 per CPS represents:

- (a) a premium of approximately 6.51% to the closing price of the ordinary shares of BC Juda of HK\$2.61 per ordinary share of BC Juda as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 12.10% to the average of the closing price of the ordinary shares of BC Juda as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$2.48 per ordinary share of BC Juda;
- (c) a premium of approximately 12.55% to the average of the closing price of the ordinary shares of BC Juda as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$2.47 per ordinary share of BC Juda;
- (d) a premium of approximately 11.65% to the average of the closing price of the ordinary shares of BC Juda as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$2.49 per ordinary share of BC Juda;
- (e) a discount of approximately 5.44% to the closing price of the ordinary shares of BC Juda as quoted on the Stock Exchange on the Latest Practicable Date of HK\$2.94 per ordinary share of BC Juda; and
- (f) a premium of approximately 9.88% over the audited consolidated net asset value per share (taking into account the total ordinary shares and convertible preference shares of BC Juda in issue) of BC Juda as at 31 December 2015.

LETTER FROM THE BOARD

COMPLETION OF THE DISPOSAL AND THE SUBSCRIPTION

Completion is expected to take place on the second Business Day after all the conditions under the Disposal Agreements and the Subscription Agreement set out above have either been fulfilled or waived (as the case may be), unless the parties otherwise agree, and the conditions which require simultaneous completion shall be deemed satisfied if all other conditions have been satisfied.

Upon Completion, each of the Target Companies will become a wholly-owned subsidiary of BC Juda and will remain as an indirectly non-wholly-owned subsidiary of the Company. The Target Group is primarily engaged in the development and operation of outlets-backed commercial integrated projects and has a portfolio of three integrated outlets projects located in Beijing, Kunshan and Huzhou in the PRC. Please refer to the paragraph headed “Information on the Target Group” below for further information of the business and financial information of the Target Group.

As at the Latest Practicable Date, the Company holds four outlets-backed commercial integrated projects, including the Outlets Projects. Upon Completion, the Company will no longer hold any outlets-backed commercial integrated projects, save for the Hainan Integrated Outlets Project which the Company shall hold until such time it is sold to third parties and/or the BC Juda Enlarged Group. The Hainan Integrated Outlets Project has not been included as part of the Disposal, as the joint venture partner of the Company in the Hainan Integrated Outlets Project has initiated discussions on reviewing the shareholding structure of the project, including potential sale(s) or acquisition(s). As the process of negotiations is expected to incur further time and uncertainty, BC Juda and the Company have decided to proceed with the Disposal first. During the interim period of six months after the Completion, operations of Hainan Integrated Outlets Project shall be entrusted to the BC Juda Enlarged Group. The purpose of the entrustment arrangement is for the Hainan Integrated Outlets Project to be operated and managed by the BC Juda Enlarged Group, so as to be in line with the re-aligned business positioning of the BC Juda Enlarged Group and the Group (excluding the BC Juda Enlarged Group) in the non-Target Cities after Completion, details of which are set out under the paragraph headed “Amended Non-Competition Deed” below.

Pursuant to the terms of the Hainan Entrustment Agreement, the Company shall entrust to the BC Juda Enlarged Group, among others, leasing, marketing and property management of the Hainan Integrated Outlets Project and shall pay a management fee computed based on 1.5% of the total sales of the Hainan Integrated Outlets Project for the entrustment period, subject to a cap of RMB2,400,000 to the BC Juda Enlarged Group. When determining the management fee and the cap for the entrustment period, which is expected to be around six months after Completion, the parties have taken into account as reference, the historical total sales of the Hainan Integrated Outlets Project for the second half of the year 2015. The 1.5% has been determined with reference to other outlets-backed commercial integrated projects invested by the BC Juda Group and third-parties, for which the BC Juda Group provides similar leasing, marketing and property management services. As each of the applicable percentage ratios is less than 5% and the total consideration is less than HK\$3,000,000, the Hainan Entrustment Agreement and the transactions contemplated thereunder constitute de minimis continuing connected transactions fully exempt under Chapter 14A of the Listing Rules.

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Immediately after Completion, BC Juda will be able to satisfy the minimum public float requirement under Rule 8.08 of the Listing Rules and there will be no change in control of BC Juda. BECL Investment will remain as the controlling shareholder of BC Juda under the Listing Rules.

INFORMATION ON THE CPS AND THE CONVERSION SHARES

The Conversion Shares

The Conversion Shares to be issued upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the ordinary shares of BC Juda in issue as at the date of conversion.

Application for listing

An application will be made by BC Juda to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The CPS

The major terms of the CPS are as follows:

Nominal value:	Limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in the share capital of BC Juda
Conversion ratio:	The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares of BC Juda at the conversion ratio of one CPS for one ordinary share of BC Juda
Conversion rights:	Holders of CPS will have the right to convert all or such number of CPS into Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in BC Juda not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules
Redemption:	The CPS shall be non-redeemable by BC Juda or their holders
Preferred Distribution:	Subject to compliance with all applicable laws, BC Juda Articles and the paragraph headed “Deferral or Non-payment of Preferred Distribution” below, each CPS shall confer on its holder the right to receive a preferred distribution (“ Preferred Distribution ”) from the date of the issue of the CPS at a rate of 0.01% per annum on the Issue Price, payable annually in arrear. Each Preferred Distribution is noncumulative

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Deferral or Non-payment of Preferred Distribution:	The board of directors of BC Juda may, in its sole discretion, elect to defer or not to pay a Preferred Distribution. No interest accrues on any unpaid Preferred Distribution. If the board of directors of BC Juda elects to defer or not to pay a Preferred Distribution, BC Juda shall not pay any dividends, distributions or make any other payment on any ordinary shares of BC Juda, unless at the same time it pays to the holders of CPS any deferred or unpaid Preferred Distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments is made
Dividend:	Each CPS shall confer on its holder the right to receive, in addition to the Preferred Distribution, any dividend <i>pari passu</i> with holders of the Class A Convertible Preference Shares (on an as converted basis) and the ordinary shares of BC Juda on the basis of the number of ordinary share(s) of BC Juda into which each CPS may be converted and on an as converted basis
Distribution of assets:	The holders of the CPS rank <i>pari passu</i> with holders of the Class A Convertible Preference Shares but shall have priority over the holders of the ordinary shares of BC Juda on the assets and funds of BC Juda available for distribution in a distribution of assets on liquidation, winding-up or dissolution of BC Juda (but not on conversion of CPS or any repurchase by BC Juda of CPS)
Voting rights:	The holders of the CPS shall be entitled to receive notices of and to attend general meetings of BC Juda, but the CPS shall not confer on their holders the right to vote at a general meeting of BC Juda, unless a resolution is to be proposed at a general meeting for the winding-up of BC Juda or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject
Transferability:	The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction
Ranking:	Save as expressly provided in the BC Juda Articles and save and except for the voting rights, distribution entitlements upon liquidation, winding-up or dissolution of BC Juda and the Preferred Distribution set out in the manner above, each CPS shall have the same rights as each of the ordinary shares of BC Juda and Class A Convertible Preference Shares. The Conversion Shares will be issued as fully paid and will rank <i>pari passu</i> in all respects with the ordinary shares of BC Juda in issue as at the date of the conversion

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Adjustment:	If and whenever the ordinary shares of BC Juda are consolidated or subdivided into a different nominal amount, then the same consolidation or sub-division shall be effected on the CPS, in which the conversion ratio shall remain as one CPS for one ordinary share of BC Juda (as consolidated or sub-divided, as the case may be)
Listing:	No listing will be sought for the CPS on the Stock Exchange or any other stock exchange. However, an application will be made by BC Juda to the Listing Committee for the listing of, an permission to deal in, the Conversion Shares

Under the terms of the CPS, (i) there is no voting right attached to the CPS, except in respect of resolution(s) for the winding-up of BC Juda or the abrogation or variation of the rights and restrictions of the CPS; (ii) the CPS would be non-redeemable and each CPS would be convertible to one ordinary share of BC Juda; (iii) the holders of the CPS will rank *pari passu* with Class A Convertible Preference Shares but have priority in distribution of assets on liquidation, winding-up or dissolution of BC Juda; and (iv) the holders of the CPS are entitled to receive Preferred Distribution and accordingly, the holders of the CPS are less akin to the shareholders of BC Juda and as such, the CPS shall not be included when calculating the public float of BC Juda.

As at the Latest Practicable Date, BC Juda has limited-voting non-redeemable convertible preference shares in issue which are proposed to be re-designated as Class A Convertible Preference Shares in issue in its share capital, the major terms of which are set out in the circular of BC Juda dated 26 November 2014. BECL Investment, the holder of such existing limited-voting non-redeemable convertible preference shares has given its consent to the re-designation and the re-classification of the authorised share capital of BC Juda and the creation of the CPS. The rights attached to the CPS and the Class A Convertible Preference Shares are the same, save and except in relation to the entitlement of the holders of the CPS to receive Preferred Distribution.

AMENDED NON-COMPETITION DEED

The Group has substantial interest in the PRC property market. In order to minimise any potential competition between the businesses of the BC Juda Group and the Group, BC Juda and the Company entered into the Non-Competition Deed on 13 November 2014, the key terms of which are summarised below. Please refer to the circular of the Company dated 26 November 2014 for further details.

(a) Non-competition undertaking by the Company not to compete in Target Cities

Pursuant to the Non-Competition Deed, the Company has undertaken in favour of BC Juda (for itself and on behalf of its subsidiaries) that during the term of the Non-Competition Deed, it shall not, and shall procure that none of its subsidiaries shall (other than through the BC Juda Group), directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any development, sale, lease and management of any property projects (“**Property Business**”) in any of the Target Cities.

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(b) Non-competition undertaking by BC Juda not to compete in non-Target Cities

In consideration of the non-competition undertaking by the Company under the Non-Competition Deed, BC Juda has undertaken in the Non-Competition Deed in favour of the Company (for itself and on behalf of its subsidiaries) that during the term of the Non-Competition Deed, it shall not, and shall procure that none of its subsidiaries shall, directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any Property Business in any non-Target Cities in the PRC.

In order for BC Juda to operate the Outlets Projects in Beijing, Kunshan and Huzhou in the PRC after Completion and to facilitate BC Juda in becoming a nation-wide outlets operator in the PRC, the Company and BC Juda replaced the Non-Competition Deed by entering into the Amended Non-Competition Deed on 28 June 2016 pursuant to which:

- (1) the Company conditionally undertakes in favour of BC Juda (for itself and on behalf of its subsidiaries) that during the term of the Amended Non-Competition Deed, it shall not, and shall procure that none of its subsidiaries shall (other than through the BC Juda Enlarged Group), directly or indirectly, carry on, engage, invest, participate or otherwise be interested in (a) any Property Business in any of the Target Cities and (b) the development, sale, lease and management of any outlets-backed commercial integrated projects in any non-Target Cities, save for Hainan Integrated Outlets Project until the Company ceases to hold any interest therein; and
- (2) BC Juda conditionally undertakes in favour of the Company (for itself and on behalf of its subsidiaries) that during the term of the Amended Non-Competition Deed, it shall not, and shall procure that none of its subsidiaries shall, directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any Property Business in any non-Target Cities, save and except for: (i) the development, sale, lease and management of any outlets-backed commercial integrated projects in any non-Target Cities; and (ii) the leasing, operation and management of any retail portion(s) in the property projects of the Group (excluding the BC Juda Enlarged Group) held as investment properties, where the Group (excluding the BC Juda Enlarged Group) offers to entrust or grants a first right of refusal in favour of the BC Juda Enlarged Group to entrust such retail portion(s) to the BC Juda Enlarged Group for leasing, operation and management in accordance with the entrustment agreement(s) to be entered into by the parties from time to time.

The above-mentioned entrustment(s) or grant of first right(s) of refusal in favour of the BC Juda Enlarged Group further delineates the businesses of the BC Juda Enlarged Group and the Group (excluding the BC Juda Enlarged Group) on an operation level and allows the BC Juda Enlarged Group to apply its expertise in outlets operations to other retail properties. In the event of such entrustment or grant of first right(s) or refusal arrangement(s), the Group (excluding the BC Juda Enlarged Group) as landlord will entrust to the BC Juda Enlarged Group, the operations of the relevant retail portions of property projects, including leasing, marketing and property management, and pay annual management fee(s) to the BC Juda Enlarged Group, based on agreed percentage(s) of the rents payable by the tenants of such retail properties. Terms of the entrustment arrangement(s) will be subject to definitive entrustment agreement(s) to be entered into by the parties. The entrustment agreement(s), when entered into, and the entrustment arrangement(s) contemplated thereunder will constitute continuing connected transaction(s)

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of BC Juda, subject to applicable requirements under Chapter 14A of the Listing Rules. In the event that any first right(s) of refusal is granted by the Group (excluding the BC Juda Enlarged Group) in favour of the BC Juda Enlarged Group, the decision whether to take up such first right(s) of refusal by the BC Juda Enlarged Group will be determined by the board of directors of BC Juda and if the first right(s) of refusal is not taken up by the BC Juda Enlarged Group, the Group (excluding the BC Juda Enlarged Group) will have the discretion to engage third-party operators or take up such operations itself.

The Amended Non-Competition Deed is conditional upon inter alia, (i) the approvals of the independent shareholders of both the Company and BC Juda of the Amended Non-Competition Deed; (ii) the completion of the Disposal pursuant to the Disposal Agreements; and (iii) the approvals of the independent non-executive directors of both the Company and BC Juda of the Amended Non-Competition Deed. In the event that the conditions of the Amended Non-Competition Deed (which are not waivable by the parties thereto) are not fulfilled by 31 December 2016 (or such later date as the parties to the Amended Non-Competition Deed may agree in writing), the Amended Non-Competition Deed shall terminate and cease to have effect on any parties thereto.

Upon the conditions under the Amended Non-Competition Deed being fulfilled, BC Juda (and any of its subsidiaries) shall have the right to directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any development, sale, lease and management of outlets-backed commercial integrated projects in the non-Target Cities in the PRC (including but not limited to the Outlets Projects in Beijing, Kunshan and Huzhou).

REASONS FOR AND BENEFITS OF THE DISPOSAL AND SUBSCRIPTION FOR THE COMPANY

The Directors consider the Disposal and the Subscription to be in the interests of the Company as well as the Shareholders taken as a whole for the reason that it will enable the consolidation in terms of operation and management of outlets-backed commercial integrated projects under the BC Juda Enlarged Group and reinforce the different business positioning of the Group (excluding the BC Juda Enlarged Group) and the BC Juda Enlarged Group. The Disposal enables the Outlets Projects held by the Group and the outlets-backed commercial integrated projects held by the BC Juda Group to be consolidated under the management of the BC Juda Enlarged Group, which is led by Mr. Zhong Beichen, the Chief Executive Officer and Executive Director of BC Juda. Following Completion, the Group (excluding the BC Juda Enlarged Group) and the BC Juda Enlarged Group will continue to focus on different property segments pursuant to the realigned business positioning. The BC Juda Enlarged Group will focus on developing outlets-backed commercial integrated projects, while the Group (excluding the BC Juda Enlarged Group) will continue to engage in the development of residential property projects and mixed-use commercial property projects in the non-Target Cities in the PRC. Having the BC Juda Enlarged Group as its platform which focuses on outlets business development, operation and management and brand building, business presence of the Group including the BC Juda Enlarged Group as a whole in the outlets market in the PRC can be accelerated.

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Having regard to the reasons for and benefits of the Disposal and the Subscription to the Group, the Directors are of the view that the Disposal and the Subscription are in the interests of the Company and the Shareholders as a whole. The Directors are also of the view that the terms of the Disposal Agreements and the Subscription Agreement, which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL FOR THE COMPANY

Upon Completion, assuming no Class A Convertible Preference Share or CPS has been converted, 65.1% of the Target Group's share capital will be indirectly held by the Company as a result of the Disposal. Therefore, each of the Target Companies will remain as an indirectly non-wholly-owned subsidiary of the Company and the Target Companies' financial statements will be consolidated into the financial statements of the Company. Since BC Juda is a subsidiary of the Company, the Disposal is treated as a transaction with non-controlling interest. For such transactions with non-controlling interest to dispose of certain interests in a subsidiary without losing control over the subsidiary, the difference between the proceeds from the disposal of interests and the decrease of the shared net assets of the subsidiary is adjusted to reserves. Capital reserve of the Group as at 31 December 2015 will decrease by RMB7,044,000, and the non-controlling interests of BC Juda will increase by the same amount resulting from the Disposal. Accordingly, it is expected that there will be no material gain or loss arising on the Disposal for the Company.

Total liabilities of the Group will increase by RMB21,136,000, being increase in tax payables of the Group as at 31 December 2015 by RMB21,136,000 arising from withholding income tax at a tax rate of 10% charged to Renowned Brand (the holding company of Huzhou Outlets and an offshore company) for the investment income from the disposal of Huzhou Outlets. There will be no change in the total assets of the Group since each of the Target Companies will remain as an indirectly non-wholly-owned subsidiary of the Company and the Target Companies' financial statements will remain to be consolidated into the financial statements of the Company.

POTENTIAL PLACING OF NEW SHARES BY BC JUDA

BC Juda proposed to seek the approval from its shareholders at the BC Juda EGM for a proposed specific mandate relating to the Potential Placing(s) to issue not more than 790 million new ordinary shares of BC Juda at a placing price of not less than HK\$2.78 per ordinary share of BC Juda in any event.

The actual size of funds to be raised from the Potential Placing(s) will depend upon the number of new ordinary shares of BC Juda to be issued and the placing price. On the assumption that the 790 million new ordinary shares of BC Juda (the maximum number of ordinary shares that BC Juda may issue pursuant to the BC Juda Specific Placing Mandate (if granted)) are to be issued at a price of HK\$2.78 per ordinary share of BC Juda (being the minimum placing price) under the Potential Placing(s), the gross proceeds (before deducting the expenses and commission in relation to the Potential Placing(s)) will be approximately HK\$2,196 million (approximately RMB1,800 million subject to exchange rate fluctuations). Such proceeds shall be applied as follows:

- (a) RMB78 million, representing approximately 4.33% of the gross placing proceeds, will be used towards the payment of development costs incurred in relation to the Outlets Projects as at 31 December 2015 but remain to be paid as at the Latest Practicable Date;

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- (b) RMB492 million, representing approximately 27.33% of the gross placing proceeds, will be used towards the payment of development costs (comprising capital expenditure for the construction of phases two of Fangshan Integrated Outlets Project and Kunshan Integrated Outlets Project) and expenses in renovation and leasing for tenants;
- (c) RMB525 million, representing approximately 29.17% of the gross placing proceeds, will be used towards the repayment of certain bank loans of the Target Group;
- (d) RMB525 million, representing approximately 29.17% of the gross placing proceeds, will be used towards the payment of development costs (comprising capital expenditure for the construction of outlets-backed commercial integrated projects of the BC Juda Enlarged Group in Nanchang, Wuhan and Hangzhou) and expenses in renovation and leasing for tenants; and
- (e) RMB180 million, representing approximately 10.00% of the gross placing proceeds, for the general working capital and activities of the BC Juda Enlarged Group.

The funding requirements in connection with the Outlets Projects and/or the Target Group referred to in paragraphs (a) to (c) above are expected to be payable within 12 months after Completion and the aggregate proceeds to be applied towards settlement of such funding needs represents approximately 60.83% of the gross placing proceeds. In connection with the Fangshan Integrated Outlets Project, of paragraphs (a) and (b) above, approximately RMB5 million (of the total RMB78 million) is expected to be applied to settle development costs incurred as at 31 December 2015 but remains to be paid as at the Latest Practicable Date, and approximately RMB181 million (of the total RMB492 million) is expected to be applied towards further development costs to be incurred for Phase 2 of the Fangshan Integrated Outlets Project, which is expected to commence construction in the second half of 2016, respectively. In connection with the Kunshan Integrated Outlets Project, of paragraphs (a) and (b) above, approximately RMB20 million (of the total RMB78 million) is expected to be applied to settle development costs incurred as at 31 December 2015 but remains to be paid as at the Latest Practicable Date, and approximately RMB261 million (of the total RMB492 million) is expected to be applied towards further development costs to be incurred for Phase 2 of the Kunshan Integrated Outlets Project, which is expected to complete construction in the fourth quarter of 2016, and a further RMB50 million (of the total RMB492 million) is expected to be applied towards expenses in renovation and leasing for tenants in preparation for opening of business, respectively.

In connection with the application of proceeds referred to in paragraph (d) above, the construction of outlet shops and ancillary car-parking facilities in the outlets-backed commercial integrated projects of BC Juda in Nanchang, Wuhan and Hangzhou is currently scheduled to commence in the second half of 2016 and expected to complete in or around September 2017. Of the total RMB525 million, approximately RMB133,900,000, RMB121,500,000 and RMB164,800,000 for each project in Nanchang, Wuhan and Hangzhou, respectively, is expected to be applied towards further development costs payable before completion of construction and approximately RMB35,600,000, RMB28,700,000 and RMB40,500,000 for each project in Nanchang, Wuhan and Hangzhou, respectively, is expected to be applied towards further expenses for renovation and leasing for tenants required in preparation for opening of business in or around the fourth quarter of 2017. Accordingly, given that the BC Juda Enlarged Group needs to settle such development costs and expenses for opening of business referred to in paragraph (d) above within approximately 12 months from Completion, it is proposed that part of, being approximately 29.17%, of the gross proceeds from the Potential Placing(s) be applied towards settlement of such funding needs.

LETTER FROM THE BOARD

The grant of the BC Juda Specific Placing Mandate is subject to approval by independent shareholders of BC Juda in the BC Juda EGM, and the issue of new ordinary shares of BC Juda pursuant to the BC Juda Specific Placing Mandate, if granted, will be conditional upon Completion. The duration for the BC Juda Specific Placing Mandate is for three calendar months after the passing of the relevant resolution(s) by independent shareholders of BC Juda at the BC Juda EGM. For details on the major terms and conditions of the BC Juda Specific Placing Mandate, please refer to section headed “Letter from the Board – Proposed Grant of Specific Mandates to Issue New Shares – Specific Placing Mandate relating to Placing(s)” in the circular of BC Juda containing information regarding among others, the BC Juda Specific Placing Mandate, the acquisition of the Outlets Projects, the Subscription and the Amended Non-Competition dated on or around the date of this circular.

The BC Juda Specific Placing Mandate may or may not be granted by independent shareholders of BC Juda at the BC Juda EGM and even if it is granted, directors of BC Juda may or may not exercise the BC Juda Specific Placing Mandate. If BC Juda proceeds with the Potential Placing(s), depending on the number of new ordinary shares of BC Juda to be issued under the Potential Placing(s), the Company shall simultaneously convert all or part of the Class A Convertible Preference Shares and the CPS into ordinary shares of BC Juda to maintain its shareholding therein provided that BC Juda would be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules. The completion of the Conversion shall take place on the same day as the completion of the Potential Placing(s)

LETTER FROM THE BOARD

EFFECT OF THE SUBSCRIPTION AND THE POTENTIAL PLACING(S) ON THE SHAREHOLDING STRUCTURE OF BC JUDA

Details of the shareholding structure of BC Juda as at (i) the Latest Practicable Date, (ii) immediately after Completion but before completion of the Potential Placing(s) (assuming no Class A Convertible Preference Shares or CPS has been converted), (iii) for illustrative purpose only, immediately after Completion and completion of the Potential Placing(s) (assuming no Class A Convertible Preference Shares or CPS has been converted) and (iv) immediately after completion of the Potential Placing(s) (assuming all Class A Convertible Preference Shares and CPS have been converted into Shares), without taking into account any ordinary shares of BC Juda that may be issued as a result of the exercise of any options granted under the share option scheme adopted by BC Juda on 14 March 2012, are set out below:

	As at the Latest Practicable Date		Immediately after Completion but before completion of the Potential Placing(s) (assuming no Class A Convertible Preference Shares or CPS has been converted)			Immediately after Completion and completion of the Potential Placing(s) (assuming no Class A Convertible Preference Shares or CPS has been converted) (Note 1)			Immediately after completion and of the Potential Placing(s) assuming all Class A Convertible Preference Shares and CPS have been converted into ordinary shares of BC Juda (Note 2)		
	Number of ordinary shares of BC Juda held	Approx. % of total issued ordinary shares of BC Juda	Number of Class A Convertible Preference Shares held	Number of ordinary shares of BC Juda held	Approx. % of total issued ordinary shares of BC Juda	Number of Class A Convertible Preference Shares and CPS held	Number of ordinary shares of BC Juda held	Approx. % of total issued ordinary shares of BC Juda	Number of Class A Convertible Preference Shares and CPS held	Number of ordinary shares of BC Juda held	Approx. % of total issued ordinary shares of BC Juda
BECL Investment	130,200,000	65.1%	738,130,482	130,200,000	65.1%	1,644,081,952	130,200,000	13.2%	1,644,081,952	1,774,281,952	67.36%
BCG	19,800,000	9.9%	-	19,800,000	9.9%	-	19,800,000	2.0%	-	19,800,000	0.75%
Public	50,000,000	25.0%	-	50,000,000	25.0%	-	840,000,000	84.8%	-	840,000,000	31.89%
Total	200,000,000	100%	738,130,482	200,000,000	100%	1,644,081,952	990,000,000	100%	1,644,081,952	2,634,081,952	100%

Note:

1. The assumption of no conversion of Class A Convertible Preference Shares or CPS is for illustrative purpose only. Subject to sufficiency of public float, the issue of new Shares upon conversion by BECL Investment, if any, of Class A Convertible Preference Shares and CPS and the completion of the Potential Placing(s) are expected to take place simultaneously to the effect that no implications under the Code on Takeovers and Mergers is expected.
2. The exercise of the conversion rights attaching to the Class A Convertible Preference Shares and the CPS is subject to BC Juda meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY, BECL INVESTMENT AND RENOWNED BRAND

The Company is 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). The Company is a large integrated leading real estate developer in the PRC, focusing on residential properties, outlets-backed integrated properties, urban core integrated complexes and primary land development. By coordination of integrated complexes and each line of business, the Company aims at building the core competitiveness and achieving competition differentiation.

BECL Investment is an investment holding company incorporated in Hong Kong with limited liability and a directly wholly-owned subsidiary of the Company. BECL Investment is also the controlling shareholder of BC Juda.

Renowned Brand is an investment holding company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by the Company.

INFORMATION ON BC JUDA GROUP AND THE PURCHASERS

BC Juda was incorporated in the Cayman Islands and its ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 1329). BC Juda is an investment holding company and the BC Juda Group is principally engaged in commercial property development, with focus on the development of outlets-backed commercial integrated projects in selected cities in the PRC.

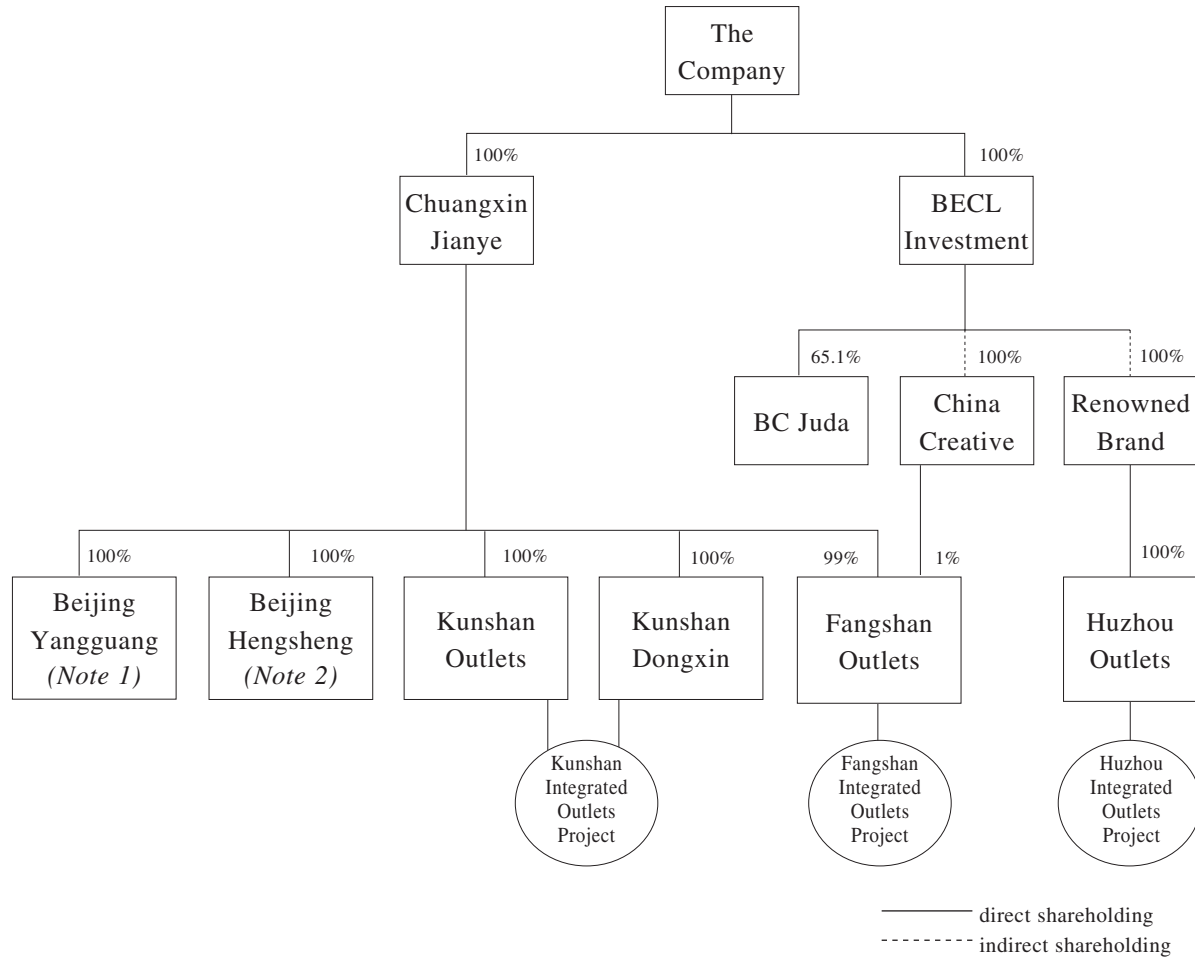
Each of Shanghai Juque and Shanghai Juxin is an investment holding company incorporated in the PRC and is indirectly wholly-owned by BC Juda.

Capital Juda is an investment holding company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by BC Juda.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET GROUP

Corporate structure of the Target Group as at the date of the Disposal Agreements

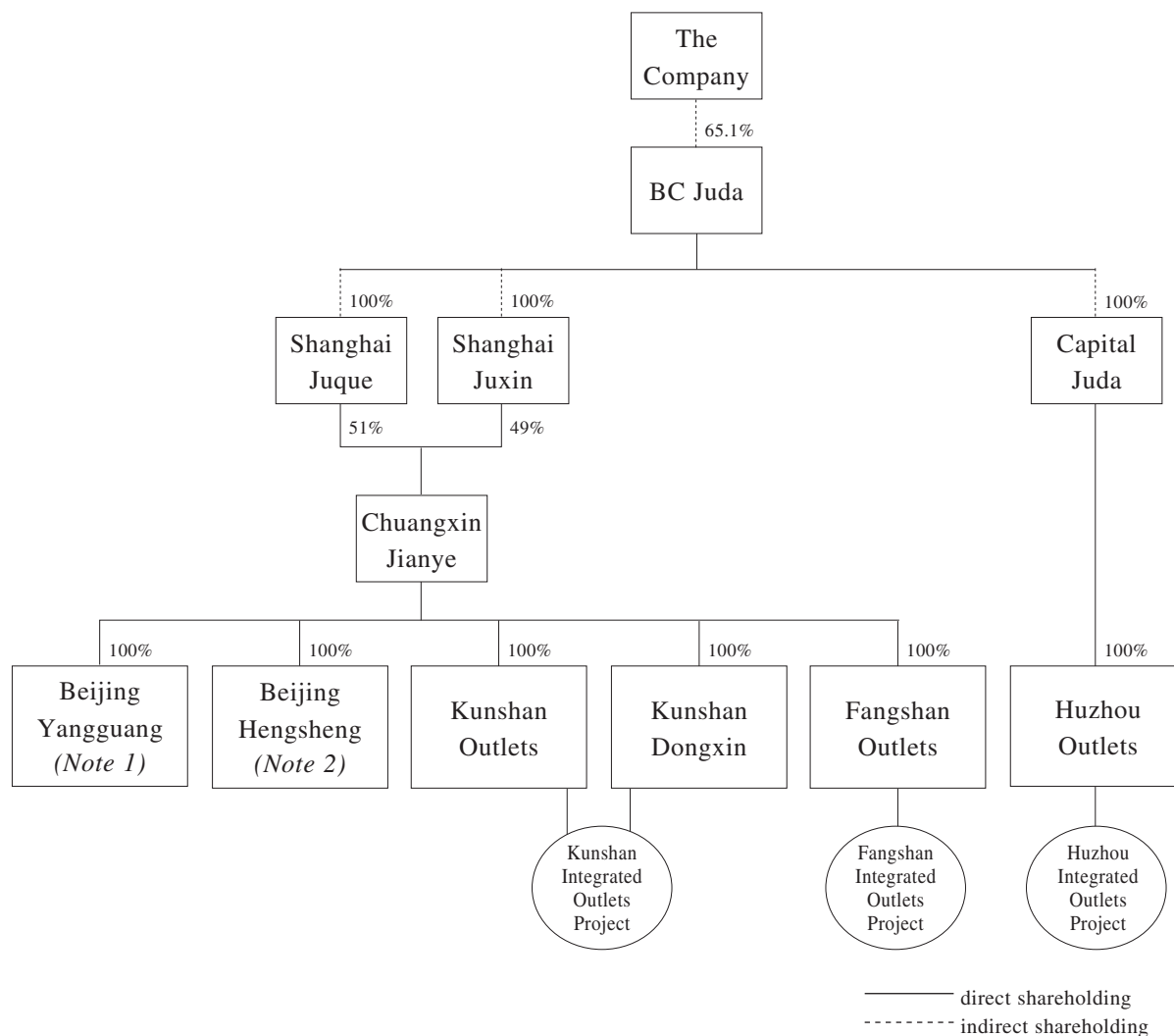


Notes:

- (1) As at the Latest Practicable Date, Beijing Yangguang does not hold any properties or trademarks or have any operating activities.
- (2) Beijing Hengsheng is the registered holder of the registered trademarks “Capital Outlets”, “Capitol Outlets” and “瀾錦滙” in the PRC, apart from which it does not have any operating activities as at the Latest Practicable Date.

LETTER FROM THE BOARD

Corporate structure of the Target Group upon Completion



Notes:

- (1) As at the Latest Practicable Date, Beijing Yangguang does not hold any properties or trademarks or have any operating activities. It is envisaged that after Completion Beijing Yangguang will be used for provision of outlets leasing and management services.
- (2) Beijing Hengsheng is the registered holder of the registered trademarks “Capital Outlets”, “Capitol Outlets” and “瀾錦滙” in the PRC, apart from which it does not have any operating activities as at the Latest Practicable Date.

Business of the Target Group

The Target Group is primarily engaged in the development and operation of outlets-backed commercial integrated projects. It has a portfolio of three integrated outlets projects located in Beijing, Kunshan and Huzhou in the PRC and related trademarks.

LETTER FROM THE BOARD

Overview of the property projects of the Target Group

(i) *Fangshan Integrated Outlets Project*

Fangshan Integrated Outlets Project is an integrated project comprising street-level outlet shops, a multi-storey outlets complex, food and beverages facilities for leases and car parking spaces. This project, located in Changyang Town, Fangshan District, Beijing, is in close proximity to Changyang West Station of Fangshan line of the intercity railway and is only a 30-minute drive from Financial Street in Beijing via Beijing-Shijiazhuang Expressway.

Fangshan Integrated Outlets Project will be developed in two phases. Phase 1, completed in May 2013, comprises 258 street-level outlet shops for lease. Construction of Phase 2, which comprises a multi-storey outlets complex and car parking spaces, is expected to commence in the second half of 2016. As at 31 December 2015, this project occupied a total site area of 90,766 sq.m. with an estimated total GFA of 196,837 sq.m..

For the 258 outlet shops in Phase 1 of Fangshan Integrated Outlets Project, as at the Latest Practicable Date, 242 outlet shops were rented out, representing an occupancy rate of approximately 94%.

Fangshan Integrated Outlets Project is owned and developed by the project company, Fangshan Outlets. As at 31 December 2015, the total development costs incurred in relation to the development of this project amounted to approximately RMB1,088 million of which RMB5 million remains to be paid as at the Latest Practicable Date, which shall be funded by the paid-up registered capital of Fangshan Outlets, equity financing proceeds (including proceeds from the Potential Placing(s)) and/or external bank borrowings.

(ii) *Huzhou Integrated Outlets Project*

Huzhou Integrated Outlets Project is an integrated project comprising street-level outlet shops, food and beverages facilities for lease and a budget hotel. This project is situated at the center of the southern Taihu Lake tourist district in Huzhou, Zhejiang Province and Binhu Road runs through the whole project.

Outlet shops of the Huzhou Integrated Outlets Project are divided into Phase 1 and Phase 2, the former comprising 164 outlet shops and the latter comprising 138 outlet shops. This project also comprises a budget hotel, the construction of which has not yet commenced. As at 31 December 2015, this project occupied a total site area of 302,693 sq.m. with an estimated total GFA of 300,496 sq.m..

For the 164 outlet shops in Phase 1 of Huzhou Integrated Outlets Project, as at the Latest Practicable Date, 91 outlet shops were rented out, representing an occupancy rate of approximately 55%.

Huzhou Integrated Outlets Project is owned and developed by the project company, Huzhou Outlets. As at 31 December 2015, the total development costs incurred in relation to the development of this project amounted to approximately RMB687 million of which RMB53 million remains to be paid as at the Latest Practicable Date, which shall be funded by the paid-up registered capital of Huzhou Outlets, equity financing proceeds (including proceeds from the Potential Placing(s)) and/or external bank borrowings.

LETTER FROM THE BOARD

(iii) Kunshan Integrated Outlets Project

Kunshan Integrated Outlets Project, located at south-east corner of the east new town of Kunshan City, Jiangsu Province, comprises street-level outlet shops, food and beverages facilities for lease and car parking spaces and has nearly 40% green space ratio. Alongside the south high technology enterprise park, it is accompanied with a large customer base and market demand.

This project will be developed in two phases. Phase 1, comprising 175 outlet shops for lease, was completed in June 2015 and has opened in September 2015. Phase 2, comprising 178 outlet shops for lease, is still under development and is expected to be completed in the fourth quarter of 2016. As at 31 December 2015, this project occupied a total site area of 93,026 sq.m. with an estimated total GFA of 99,773 sq.m..

For the 175 outlet shops in Phase 1 of the Kunshan Intergrated Outlets Project, as at the Latest Practicable Date, 136 outlet shops were rented out, representing an occupancy rate of 78%.

Phase 1 of Kunshan Integrated Outlets Project is owned and developed by the project company, Kunshan Outlets and Phase 2 of the project is owned and developed by the project company, Kunshan Dongxing. As at 31 December 2015, the total development costs incurred in relation to the development of this project amounted to approximately RMB620 million of which RMB20 million remains to be paid as at the Latest Practicable Date, which shall be funded by, inter alia, the paid-up registered capital of Kunshan Outlets and Kunshan Dongxing, equity financing proceeds (including proceeds from the Potential Placing(s)) and/or external bank borrowings.

The Outlets Projects will be held by the BC Juda Enlarged Group as investment properties which generate revenue primarily from leasing the outlet shop spaces therein to brand-name retailers (including renowned international and domestic retail brands selling apparels, footwear, bags etc. and/or food and beverages operators) and managing supporting facilities (e.g. car parking spaces) for the purposes of outlets operations. The Outlets Projects are targeted at shoppers and families who are looking for leisure shopping and tourism experiences at the suburban area of the city and who are willing to make a trip for the discounted brand-name products.

Future development plan and capital commitments

The construction of Phase 2 of Fangshan Integrated Outlets Project is expected to commence in the second half of 2016, in connection to which approximately RMB181 million development costs is currently expected to be further incurred by September 2017. The construction of Phase 2 of Kunshan Integrated Outlets Project is in progress and currently expected to complete in the fourth quarter of 2016, in connection to which approximately RMB261 million development costs remains to be paid. In preparation for opening of business, approximately RMB50 million is further required as expenses for renovation and leasing for tenants for Kunshan Integrated Outlets Project. In addition to development costs, the Target Group has an aggregate of approximately RMB525 million bank loans which will mature before September 2017.

The above-mentioned capital commitments are proposed to be funded by the proceeds from Placing(s). In the event that the Placing(s) does not proceed or the proceeds from the Placing(s) are less than expected, the BC Juda Enlarged Group may satisfy the above capital needs by way of bank or other borrowings.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Phase 2 of the Huzhou Integrated Outlets Project is currently expected to complete construction in the first half of 2017 and commence business before the end of 2017.

Financial information of each of the Target Companies

The audited profit before and after tax of each of the Target Companies for each of the three years ended 31 December 2013, 2014 and 2015 and the audited net asset value of each of the Target Companies as at 31 December 2015 were as follows:

	For the year ended 31 December		
	2013	2014	2015
	(RMB' million)	(RMB' million)	(RMB' million)
Chuangxin Jianye			
Profit before tax	(62)	131	465
Profit after tax	(56)	97	349
Net asset value			689
Huzhou Outlets			
Profit before tax	(362)	66	(73)
Profit after tax	(271)	47	(55)
Net asset value			461

The total acquisition costs paid by the Group with respect to, and capital contribution made by the Group into, the Target Group were approximately RMB1,277 million.

IMPLICATIONS UNDER THE LISTING RULES

The transfer of the Sale Shares and the Shareholder Loan to the Purchasers constitutes a disposal by the Company. As one or more of the applicable percentage ratios exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the approval of the Independent Shareholders at the EGM.

In relation to the Subscription, as the applicable percentage ratios exceed 25% but are less than 100%, the Subscription constitutes a major transaction for the Company and is subject to the approval of the Independent Shareholders at the EGM.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among others, the proposed Disposal, the Subscription, the Amended Non-Competition Deed and the transactions contemplated thereunder. The voting at the EGM will be conducted by way of poll.

LETTER FROM THE BOARD

BCG, a wholly-owned subsidiary of Capital Group, holds 9.9% of the issued ordinary shares of BC Juda as at the Latest Practicable Date. Therefore, Capital Group, a 54.47% controlling shareholder of the Company (holding 1,649,205,700 ordinary domestic shares in the share capital of the Company as at the Latest Practicable Date), and its close associates (in aggregate holding 357,998,300 ordinary non-H foreign shares in the Company, representing 11.82% of the issued share capital of the Company as at the Latest Practicable Date), will abstain from voting on the relevant resolutions for approving the Disposal, the Subscription and the Amended Non-Competition Deed to be proposed at the EGM. Save as disclosed above, to the best knowledge of the Company, none of the Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

To the best of the knowledge, information and belief of Directors having made all reasonable enquiries, none of the Directors were in any way materially interested in the Disposal, the Subscription and the Amended Non-Competition Deed. Nevertheless, Mr. Tang Jun, Mr. Wang Hao and Mr. Li Songping have abstained from voting on the relevant resolutions of the Board approving the Disposal, the Subscription and the Amended Non-Competition Deed by virtue of their directorships in BC Juda.

A notice convening the EGM to be held at 9:00 a.m. on Monday, 18 July 2016 at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, PRC, together with the reply slip and form of proxy are also enclosed herein.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed reply slip and form of proxy in accordance with the instructions printed thereon as soon as possible, but in any event not later than 5:00 p.m. on Sunday, 10 July 2016 for the reply slip and not later than 24 hours before the respective time appointed for holding the EGM or any adjournment thereof for the form of proxy. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meetings thereof should you so desire and in such event, the relevant form(s) of proxy shall be deemed to be revoked. Shareholders who intend to attend the meetings in person or by proxy should complete and return the reply slip in accordance with the instructions printed thereon on or before Sunday, 10 July 2016.

RECOMMENDATIONS

The Directors consider that the terms of the Disposal Agreements, the Subscription Agreement, the Amended Non-Competition Deed and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Disposal Agreements, the Subscription Agreement, the Amended Non-Competition Deed and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

WARNING

The Disposal and the Subscription are subject to a number of conditions including the approvals by the independent shareholders of the Company and BC Juda respectively, which may or may not be fulfilled. In the event that any of the conditions to the Completion is not fulfilled, the Disposal Agreements and the Subscription Agreement will not become unconditional and the Disposal and the Subscription will not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing or contemplating in dealing in the H Shares and other securities of the Company.

Yours faithfully,
By Order of the Board
Beijing Capital Land Ltd.
Tang Jun
President

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are disclosed in the following annual reports of the Company for the years ended 31 December 2013, 2014 and 2015, respectively, which have been published and are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.bjcapitalland.com.cn>):

- The Annual Report 2013 of the Company for the year ended 31 December 2013 published on 9 February 2014 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0209/LTN20140209015.pdf>), please refer to pages 88 to 232 in particular.
- The Annual Report 2014 of the Company for the year ended 31 December 2014 published on 26 February 2015 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0226/LTN20150226229.pdf>), please refer to pages 87 to 252 in particular.
- The Annual Report 2015 of the Company for the year ended 31 December 2015 published on 28 March 2016 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0328/LTN20160328107.pdf>), please refer to pages 75 to 230 in particular.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately RMB52,254 million comprising:

- (a) outstanding bank borrowings of approximately RMB36,704 million among which RMB8,279 million were secured by properties, plant, equipment and the land use rights, RMB4,556 million were secured by certain relevant properties under development, RMB711 million were secured by bank deposits, RMB2,119 million were secured by the equity of subsidiaries and RMB100 million were secured by accounts receivable;
- (b) other loans of approximately RMB6,500 million which were secured by certain relevant properties under development;
- (c) unsecured loan of approximately RMB14,439 million; and
- (d) corporate bonds of approximately RMB15,550 million.

As at 31 May 2016, the Group provided guarantees amounted to RMB527 million for long-term borrowing of a joint venture of the Group.

As at 31 May 2016, the Group provided guarantees amounted to RMB6,534 million to secure repayments obligations of mortgage loan for certain customers.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 31 May 2016 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that following Completion, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ACQUISITION

On 24 March 2016, Tianjin Xingtai Jixing Real Estate Co., Ltd.* (天津興泰吉鑫置業有限公司), a wholly-owned subsidiary of the Company, entered into a cooperation framework agreement in relation to the injection of registered capital into Tianjin Lianjin Real Estate Development Company Limited* (天津聯津房地產開發有限公司), the “Project Company”, and co-development of the site located at north west of the intersection of Guangrong Road and Hanyang North Road, Hongqiao District, Tianjin, the PRC* (天津市紅橋區咸陽北路與光榮道交口西北側) so as to acquire 25% equity interest in the Project Company for an aggregate consideration of RMB643,750,000, and such consideration would be satisfied by internal resources of the Group. Please refer to the Company’s announcement dated 24 March 2016 for details.

On 3 June 2016, the Company entered into an equity transfer agreement with Capital Group so as to acquire the entire equity interest in Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司) and the shareholders’ loan at an aggregate consideration of approximately RMB1,567,242,000, and such consideration would be settled by the Company in two instalments by wire transfer. Please refer to the Company’s announcement dated 3 June 2016 for details.

On 3 June 2016, Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Beijing Capital Investment Development Limited* (首創投資發展有限公司) so as to acquire 60% equity interest in Beijing Liujin Zhiye Land Limited Liability Company* (北京鑒金置業有限責任公司) and the shareholders’ loan at an aggregate consideration of approximately RMB2,149,702,000, and such consideration would be settled by Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司) in two instalments by wire transfer. Please refer to the Company’s announcement dated 3 June 2016 for details.

On 3 June 2016, Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Beijing Chuangzhi Trust Finance Investment Centre (Limited Partnership)* (北京創智信融投資中心(有限合夥)) and Beijing Xinwei Infrastructure Investment Limited* (北京信威基礎設施投資有限公司) so as to acquire the entire equity interest in Chongqing Runzhi Construction Development Limited* (重慶潤智建設開發有限公司) and the shareholders' loan at an aggregate consideration of approximately RMB210,196,000, and such consideration would be settled by Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司) in three instalments by wire transfer. At the same date, Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司) has also entered into another equity transfer agreement with Beijing Capital Investment Development Limited* (首創投資發展有限公司), Capital Group and Beijing Capital Fangzhou Real Estate Company Limited* (北京首創方舟置業有限公司) so as to acquire the entire equity interest in Shenyang Haohua Land Limited* (瀋陽昊華置業有限公司) and the shareholders' loan at an aggregate consideration of approximately RMB275,556,000, and such consideration would be settled by Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司) in three instalments by wire transfer. Please refer to the Company's announcement dated 3 June 2016 for details.

On 27 June 2016, Shanghai Capital Zhengheng Property Co., Ltd* (上海首創正恒置業有限公司), a wholly-owned subsidiary of the Company, and Shanghai Poly Jianjin Real Estate Co., Ltd.* (上海保利建錦房地產有限公司), an independent third party of the Company, entered into a capital injection agreement in relation to the capital injection by of not more than RMB2,779,500,000 into Shanghai Yujing Real Estate Co., Ltd.* (上海裕憬房地產開發有限公司) and Shanghai Xuanxi Real Estate Co., Ltd.* (上海暄熹房地產開發有限公司) by Shanghai Capital Zhengheng Property Co., Ltd* (上海首創正恒置業有限公司), which represents 51% of the land premium payable for a parcel of land located in Zhoupu Town, Pudong New District, Shanghai (上海浦東新區周浦鎮) of RMB5,450,000,000, based on its pro-rata interest in Shanghai Yujing Real Estate Co., Ltd.* (上海裕憬房地產開發有限公司). Such commitment would be satisfied by the internal resources of the Group. Please refer to the Company's announcement dated 27 June 2016 for details.

Save as disclosed above, the Subscription and the Disposal, the Group has not entered into any material acquisitions after 31 December 2015, being the date to which the latest published audited accounts of the Company have been made up, and the aggregate remuneration payable to and benefits in kind receivable by the Directors have not been varied as a consequence of such material acquisitions.

5. FINANCIAL AND TRADING PROSPECTS

Looking ahead into 2016, the property industry will adapt to the "New Normal", characterised by better quality and higher efficiency. While the total developable lands for residential use are limited, the trend of regional divergence will become more obvious. The property markets in first- and second-tier cities will still display great potential for growth, whereas third- and fourth-tier cities are unlikely to record a turnaround from high inventory levels in the short run. In the long run, factors including further rural-urban migration will support market demand, so the property industry is expected to continue its rally for a prolonged period of time.

In the new development phase of the industry, property developers will be confronted with new transformation opportunities. Firstly, as the industry enters an “era of quality” from an “era of quantity”, the market demand for quality products will increase as a result of industry upgrades and growing purchasing power. It is important for developers to figure out how to provide products with a high cost-performance ratio and how to transform their business models into a light-asset service-oriented structure. Secondly, the market will shift its focus from “residential property” to “industrial property”. To support expanding industry infrastructure, the industrial property sector will enjoy strong growth, particularly the consumer property and industrial park property segments. Using property as the foundation of developing industries, developers may be able to create a unique business operation model by adding relevant facilities and services to projects.

In 2016, the Group will further upgrade its development strategies with the principle of “quality growth”. In addition to expanding scale, the Group will strive to improve operational performance. Playing to its own advantages and riding on its competitive differentiation strategy, the Group aims to achieve its business transformation and upgrades in the following aspects:

- Improve sales quality by balancing sales price and volume – the Group will strengthen its product supply management to guarantee that product supply will be sufficient and launched at a reasonable pace throughout the year. With the development of integrated sales channels and innovations in consumer finance, the Group will strive to achieve its full-year target of RMB38 billion in contracted sales. The Group will continue to balance price and volume and efficiently manage accounts receivables.
- Adopt differentiation strategy to acquire core resources – the Group will remain focused on five core cities, and also tap into the Shenzhen market. The investment focus will be on upgrade-oriented residential projects and core complex projects. The Group will establish a rail transit department and an industrial land department as part of its competitively differentiated strategy, with the aim of acquiring more resources in Beijing’s central business district. Moreover, the Group will expand overseas investments at a stable pace. While the Group already has a foothold in Australia, it will explore further investment opportunities in core cities throughout Europe and the United States, which the Group expects could become a new profit growth driver in the future.
- Streamline business value chain and boost operational efficiency – the Group will fully implement product standardization procedures and establish a residential product experience center, aiming to build up its urban high-end product line. In terms of procurement, the Group will deepen strategic cooperation with suppliers and expand the scope of work of main strategic contractors, improving the quality of its supply chain. The Group will also take measures to execute cost control and establish a precise, transparent and standardised cost control system.

- Cultivate new growth point that will generate long-term profits – as part of its long-term development roadmap, the Group will initiate new projects with moderate investments, exploring new business segments that have potential to provide future profit growth momentum. The Group will build up an “education + property developer” model and boost international cooperation based on the Sino-France University City project and the Wuqing international school project. It will also attempt to explore a sustainable business model for retirement properties based on the current retirement project in Shunyi, focusing on mid-to-high-end products and cooperating with professional retirement institutions. In addition, the Group will leverage on the Zhongguancun Integrated Circuit Design Industrial Park project and strategically collaborate with professional high-tech industrial park management teams in order to explore markets such as industrial property and technology property.
- Optimise capital structure and drive financing innovation – the Group will actively propel the submission of A-Share listing application to set up domestic equity financing channels. The Group will fully deploy its flexible red-chip platform to connect international funds and commercial networks and bring in strategic investors to improve the Group’s core capital capacity. The Group will also adopt equity financing at the project level to deepen joint ventures, focusing existing residential fund on core regions of first-tier cities, with the aim to ultimately push the model to all projects. As for debt financing, the Group will control financing costs and maintain its debt at a reasonable scale following its upcoming offering of RMB10 billion of private placement bonds. The Group will also get access to better resources through mergers and acquisitions, focusing on property related industries, financing, and state-owned enterprise (SOE) reforms to pave the way for the Group’s business transformation while providing new growth drivers. Concurrently, these new businesses are expected to create synergies with the Group’s traditional businesses.

Upon completion of the Disposal, the Target Companies will be indirect non-wholly-owned subsidiaries of the Company and their accounts will be consolidated into the accounts of the Company. It is expected that there will be no material gain or loss arising on the Disposal for the Company and the Company will remain a controlling shareholder of BC Juda.

As at the Latest Practicable Date, save and except for (i) the Disposal; (ii) potential sale(s) or acquisition(s) in relation to the Hainan Integrated Outlets Project; (iii) transactions already disclosed in announcements and circulars of the Company prior to the Latest Practicable Date; and (iv) acquisitions, disposals and investments in joint ventures by the Group in its ordinary course of business which have not materialized into and/or constituted discloseable inside information of the Company as at the Latest Practicable Date, the Company does not have any intention or has not entered into any negotiation, agreement, arrangement or understanding (finalised or concluded) in relation to (a) the acquisition of any new business; (b) any disposal, scaling-down and/or termination of the Group’s existing business and/or major operating assets; and (c) the injection of any new business to the Group.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in the circular of BC Juda in respect of its acquisition of the Outlets Projects and Shareholder Loan from the Company received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the value of the property interests of the Target Companies in the PRC as at 31 March 2016, which DTZ Cushman & Wakefield Limited and BC Juda have given consents to be re-produced in this circular.



16th Floor
Jardine House
1 Connaught Place, Central
Hong Kong

30 June 2016

The Directors
Beijing Capital Juda Limited
Suites 2906-08, AIA Central
1 Connaught Road,
Central, Hong Kong

Dear Sirs,

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the properties owned by certain companies (the “Target Companies”) which Beijing Capital Juda Limited (the “Company”) or its subsidiaries (collectively the “Group”) plan to acquire in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 March 2016 (the “Valuation Date”).

Basis of Valuation

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company or the Company's legal adviser, Jingtian & Gongcheng Attorneys At Law (北京市競天公誠律師事務所), regarding the titles to the properties and the interests of the Target Companies in the properties in the PRC.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the respective valuation certificates.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

Method of Valuation

As at the Valuation Date, the properties in Group I are completed properties in the PRC and the relevant title certificates including Completion and Acceptance Certificate for Construction Works, Building Ownership Certificates or such equivalent certificates or permits have been obtained.

The property in Group II is property under development in the PRC. Permits for Commencement of Construction Works or such equivalent permits for any portions of such property have been obtained, but Completion and Acceptance Certificate for Construction Works, Building Ownership Certificates or such equivalent certificates or permits have not been obtained yet.

The properties in Group III comprise properties held for future development in the PRC. Permits for Commencement of Construction Works or such equivalent permits have not been obtained but Certificates for the Use of State-owned Land or Grant Contracts of Land Use Rights or such equivalent certificates or contracts have been obtained as at the Valuation Date.

In valuing the properties in Group I, which are completed properties held by the Target Companies for investment in the PRC, we have used the Investment Method on the basis of capitalisation of rental income derived from the existing tenancies with due allowance for reversionary potential of each of the properties or by reference to comparable market transactions. Transactions involving large scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as most properties generate rental income from letting arrangements and such rental comparables are more readily available, we consider the Investment Method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these properties.

In respect of the property in Group II, which is property held by the Target Companies under development in the PRC, we have valued it on the basis that the property will be developed and completed in accordance with the latest development scheme of the Target Companies provided to us (if any). We have assumed that all consents, approvals and licences from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have mainly adopted the Direct Comparison Method and the Investment Method to assess the development value as if completed for various components of the property and have also taken into account the incurred construction costs and the costs that will be incurred to complete the development to reflect the quality of the completed development. The “development value as if completed” represents our opinion of the aggregate selling prices of the development assuming that it was completed as at the Valuation Date. As the property is intended to be leased and rental comparables are available, the Investment Method is used in the valuation of the development value as if completed in this property group.

In valuing the properties in Group III, which are properties held by the Target Companies for future development in the PRC, we have mainly used the Direct Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable land sales transactions as available in the relevant market. This method is the most appropriate method for valuing land properties.

Property Nos. 1 and 2 in Group I, Property No. 4 in Group II and Property No. 5 in Group III are subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to these properties on market value basis. For the Group’s management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of each of these properties on the said hypothetical basis has been separately stated in the notes of the respective valuation certificate.

Source of Information

We have been provided by the Company with extracts of documents in relation to the titles to the properties in the PRC. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company or the Company's legal adviser, Jingtian & Gongcheng Attorneys At Law (北京市競天公誠律師事務所), regarding the title to the properties and the interests of the Target Companies in the properties in the PRC.

In respect of all properties, we have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of units, particulars of occupancy, rental incomes and revenue, development schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Target Companies and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. Moreover, we have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company or the Company's legal adviser, Jingtian & Gongcheng Attorneys At Law (北京市競天公誠律師事務所), regarding the interests of the Target Companies in the properties in the PRC.

Site Inspection

We inspected the exterior and, wherever possible, the interior of the properties in between February and March 2016. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuations are in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith a summary of valuations and valuation certificates for your attention.

Yours faithfully,
For and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Senior Director, Valuation & Advisory Services

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 28 years’ experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 March 2016 (RMB)	Interest attributable to the Target Companies (%)	Market value in existing state attributable to the Target Companies as at 31 March 2016 (RMB)
Group I – Completed properties held by the Target Companies for investment in the PRC			
1. Beijing Capital Outlets, Phase I, Fangshan District, Beijing, the PRC (中華人民共和國北京房山區 北京奧特萊斯一期)	No commercial value (See Note 1)	100	No commercial value (See Note 1)
2. Kunshan Capital Outlets, Phase I, east of Dongcheng Avenue, north of Kunjia Road, Economic and Development District, Kunshan, Jiangsu Province, the PRC (中華人民共和國江蘇省昆山 開開區東城大道東側、 昆嘉路北側 昆山奧特萊斯一期)	No commercial value (See Note 2)	100	No commercial value (See Note 2)
3. Huzhou Capital Outlets, No. 518 Binhu Avenue West, Huzhou, Zhejiang Province, the PRC (中華人民共和國浙江省湖州 濱湖大道西段518號 湖州奧特萊斯)	937,000,000	100	937,000,000
Sub-total:			937,000,000

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 March 2016 (RMB)	Interest attributable to the Target Companies (%)	Market value in existing state attributable to the Target Companies as at 31 March 2016 (RMB)
Group II – Property held by the Target Companies under development in the PRC			
4. The development site to be known as Kunshan Capital Outlets, Phase II, east of Dongcheng Avenue, south of Jingwang Road, Economic and Development District, Kunshan, Jiangsu Province, the PRC (中華人民共和國江蘇省昆山開發區東城大道東側、景王路南側 昆山奧特萊斯二期在建項目)	No commercial value (See Note 3)	100	No commercial value (See Note 3)
Sub-total:			No commercial value
Group III – Properties held by the Target Companies for future development in the PRC			
5. The development site for the proposed development to be known as Beijing Capital Outlets, Phase II, Fangshan District, Beijing, the PRC (中華人民共和國北京房山區 北京奧特萊斯二期待建項目)	No commercial value (See Note 4)	100	No commercial value (See Note 4)
6. The development site for the proposed development to be known as Zhejiang Huzhou Taihu Project, south of Meidong Pian Binhu Avenue, Huzhou, Zhejiang Province, the PRC (中華人民共和國浙江省湖州 梅東片濱湖大道南側 浙江湖州太湖項目待建項目)	64,000,000	100	64,000,000
Sub-total:			64,000,000
Total:			1,001,000,000

Notes:

- (1) According to its Grant Contract of Land Use Rights and supplementary agreement, Property No. 1 in Group I is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB1,601,000,000 (100% interest attributable to the Target Companies: RMB1,601,000,000).

- (2) According to its Certificate for the Use of State-owned Land and Building Ownership Certificates, Property No. 2 in Group I is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB590,000,000 (100% interest attributable to the Target Companies: RMB590,000,000).

- (3) According to its Certificate for the Use of State-owned Land, Property No. 4 in Group II is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB214,000,000 (100% interest attributable to the Target Companies: RMB214,000,000).

- (4) According to its Grant Contract of Land Use Rights and supplementary agreement, Property No. 5 in Group III is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB322,000,000 (100% interest attributable to the Target Companies: RMB322,000,000).

As described in Notes 1 to 4 above, for the Group's management reference, we have separately assessed the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market values of such properties on the said hypothetical basis in their respective existing state as at 31 March 2016 are set out below:

Property	Market value in existing state as at 31 March 2016 assuming sale of the property without sale and transfer restrictions and other encumbrances (RMB)	Interest attributable to the Target Companies (%)	Market value in existing state attributable to the Target Companies as at 31 March 2016 assuming sale of the property without sale and transfer restrictions and other encumbrances (RMB)
1. Beijing Capital Outlets, Phase I, Fangshan District, Beijing, the PRC (中華人民共和國北京房山區 北京奧特萊斯一期)	RMB1,601,000,000 (See hypothetical basis as per Note 1 above)	100	RMB1,601,000,000 (See hypothetical basis as per Note 1 above)
2. Kunshan Capital Outlets, Phase I, east of Dongcheng Avenue, north of Kunjia Road, Economic and Development District, Kunshan, Jiangsu Province, the PRC (中華人民共和國江蘇省昆山 開發區東城大道東側、 昆嘉路北側 昆山奧特萊斯一期)	RMB590,000,000 (See hypothetical basis as per Note 2 above)	100	RMB590,000,000 (See hypothetical basis as per Note 2 above)

Property	Market value in existing state as at 31 March 2016 assuming sale of the property without sale and transfer restrictions and other encumbrances (RMB)	Interest attributable to the Target Companies (%)	Market value in existing state attributable to the Target Companies as at 31 March 2016 assuming sale of the property without sale and transfer restrictions and other encumbrances (RMB)
4. The development site to be known as Kunshan Capital Outlets, Phase II, east of Dongcheng Avenue, south of Jingwang Road, Economic and Development District, Kunshan, Jiangsu Province, the PRC	RMB214,000,000 (See hypothetical basis as per Note 3 above)	100	RMB214,000,000 (See hypothetical basis as per Note 3 above)
(中華人民共和國江蘇省昆山 開發區東城大道東側、景王路南側 昆山奧特萊斯二期在建項目)			
5. The development site for the proposed development to be known as Beijing Capital Outlets, Phase II, Fangshan District, Beijing, the PRC	RMB322,000,000 (See hypothetical basis as per Note 4 above)	100	RMB322,000,000 (See hypothetical basis as per Note 4 above)
(中華人民共和國北京房山區 北京奧特萊斯二期待建項目)			

VALUATION CERTIFICATE

Group I – Completed properties held by the Target Companies for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
1. Beijing Capital Outlets, Phase I, Fangshan District, Beijing, the PRC (中華人民共和國北京房山區北京奧特萊斯一期)	<p>The property comprises a 3-storey (including 1 level basement) commercial building completed in 2013.</p> <p>Beijing Capital Outlets is situated in Fangshan District. It is located to the west of East Ring Road and to the north of Ballet Town. Developments in the vicinity comprise mainly residential buildings such as Jiazhou Shuijun, Bigui Yuan, etc. The property is served by public bus routes and subway.</p> <p>The property has a total gross floor area of 108,415.97 sq m.</p> <p>The land use rights of the property have been granted for a term due to expire on 5 April 2050 for commercial use.</p>	<p>As at the Valuation Date, portions of the property with a total gross floor area of 99,192.38 sq m are subject to various tenancies with the latest expiry in June 2023 at a total monthly rent of approximately RMB9,350,000 (exclusive of management fee).</p> <p>The remaining portions were vacant.</p>	<p>No commercial value</p> <p>(100% interest attributable to the Target Companies: No commercial value)</p> <p>(See Note 1)</p>

Notes:

- (1) According to its Grant Contract of Land Use Rights and supplementary agreement, the property is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB1,601,000,000 (100% interest attributable to the Target Companies: RMB1,601,000,000).

- (2) The constituent gross floor areas are summarised as follows:

Portion	Gross Floor Area (sq m)
Retail	104,921.96
Car park	387.50
Others	3,106.51
Total	108,415.97

- (3) According to the Building Ownership Certificates, the building ownership of the property is vested in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) with key details as follows:

Certificate No.	Issue Date	Use	Gross Floor Area (sq m)
081385	20 February 2013	Retail	40,405.10
082276	7 March 2013	Retail	54,781.32
082277	7 March 2013	Retail	13,229.55
Total			108,415.97

- (4) According to Certificate for the Use of State-owned Land No. 2010-00099 dated 20 October 2010, the land use rights of the property comprising a total site area of 90,765.58 sq m, are vested in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), in which the Target Companies have 100% attributable interest, for a term due to expire on 5 April 2050 for commercial use.

As advised by the Group, the property comprises a portion of the site as stated in the Certificate for the Use of State-owned Land mentioned above.

- (5) According to Grant Contract of State-owned Land Use Rights No. (2010) 0082 dated 6 April 2010 and its Supplementary Agreement, the land use rights of the overall outlet project comprising a total site area of 181,824.66 sq m have been contracted to be granted to Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), in which the Target Companies have 100% attributable interest, for terms due to expire on 5 April 2050 for commercial use and due to expire on 5 April 2080 for residential use. The salient conditions are set out as follows:

Location	: Changyang Town in Fangshan District
Land Use	: Residential/Commercial
Site Area	: 181,824.66 sq m
Land Use Term	: 40 years for commercial use and 70 years for residential use
Plot Ratio	: Not more than 2
Permissible Gross Floor Area	: 288,594.0007 sq m
Land Premium	: RMB925,780,000

Upon completion of the construction of the property, no less than 100,000 sq m of the shopping mall should be held by Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) and are subject to restrictions on transfer and sales.

As advised by the Group, the property comprises a portion of the site as stated in the Grant Contract of State-owned Land Use Rights mentioned above.

- (6) According to Business Licence No. 110000450137361 dated 21 May 2010, Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) was established as a limited liability company with a registered capital of USD127,000,000 for a valid operation period from 21 May 2010 until 20 May 2050.
- (7) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Certificate for the Use of State-owned Land and the Building Ownership Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) is the legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) The property is subject to the restrictions set out in the supplementary agreement of the Grant Contract of Land Use Rights;
 - (iv) The sale and transfer restrictions are intended to require the project company to operate the project by itself and only restrict the sale of the property. Such restrictions will not be violated for transferring the share of the project company's shareholder on the basis which the operation of the project will not be adversely affected; and
 - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.
- (8) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Building Ownership Certificate | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Business Licence | Yes |
- (9) Li Boshan, Manager of DTZ Beijing Office, inspected the property on 31 March 2016.
- (10) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司).

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
2. Kunshan Capital Outlets, Phase 1, east of Dongcheng Avenue, north of Kunjia Road, Economic and Development District, Kunshan, Jiangsu province, the PRC (中華人民共和國江蘇省昆山開發區東城大道東側、昆嘉路北側昆山奧特萊斯一期)	<p>The property comprises four 3-storey commercial buildings completed in 2015 and erected on a parcel of land with a total site area of 46,235.40 sq m.</p> <p>Kunshan Capital Outlets is situated in Economic and Development District. It is located to the east of Dongcheng Avenue, north of Kunjia Road and surrounded by Jialingjiang Road. Developments in the vicinity comprise mainly residential and retail buildings such as Shimao Dongwaitan, Shimao Plaza, etc. The property is served by public bus routes.</p> <p>The property has a total gross floor area of 49,361.86 sq m.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on 26 January 2053 for commercial use.</p>	<p>As the Valuation Date, portions of the property with a leasable area of 18,739.66 sq m were leased on fixed rent and turnover rent bases at a total monthly rent of approximately RMB420,000 (exclusive of management fee).</p> <p>The remaining portions were vacant.</p>	<p>No commercial value</p> <p>(100% interest attributable to the Target Companies: No commercial value)</p> <p>(See Note 1)</p>

Notes:

- (1) According to its Certificate for the Use of State-owned Land and Building Ownership Certificates, the property is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB590,000,000 (100% interest attributable to the Target Companies: RMB590,000,000).

- (2) According to the Building Ownership Certificates, the building ownership of the property is vested in Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司), in which the Target Companies have 100% attributable interest, with key details as follows:

Certificate No.	Issue Date	Use	Gross Floor Area (sq m)
301229147	15 July 2015	Commercial	15,468.05
301229151	15 July 2015	Commercial	11,543.43
301229149	15 July 2015	Commercial	11,254.80
301229148	15 July 2015	Commercial	11,095.58
Total			49,361.86

According to the aforesaid Building Ownership Certificates, the property cannot be sold.

- (3) According to Certificate for the Use of State-owned Land No. (2014) DWB296 dated 24 October 2014, the land use rights of the property comprising a total site area of 46,235.40 sq m are vested in Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司), in which the Target Companies have 100% attributable interest, for a term due to expire on 26 January 2053 for commercial use.

Upon completion of the construction of the property, no less than 50,000 sq m of the shopping mall should be held by Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司) and are subject to restrictions on transfer and sales.

- (4) According to Business Licence No. 320583000582478 dated 24 December 2012, Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司) was established as a limited liability company with a registered capital of RMB100,000,000 for a valid operation period from 26 February 2013 to 25 February 2053.

- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:

- (i) The Certificate for the Use of State-owned Land and the Building Ownership Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司) is the legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) The property is subject to the restrictions set out in the Certificate for the Use of State-owned Land and Building Ownership Certificates;
- (iv) The sale and transfer restrictions are intended to require the project company to operate the project by itself and only restrict the sale of the property. Such restrictions will not be violated for transferring the share of the project company's shareholder on the basis which the operation of the project will not be adversely affected; and
- (v) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.

- (6) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

- (7) Deng Yu, Manager of DTZ Shanghai Office, inspected the property on 15 February 2016.

- (8) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Capital Outlets (Kunshan) Commercial Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司).

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
3.	Huzhou Capital Outlets, No. 518 Binhu Avenue West, Huzhou, Zhejiang Province, the PRC (中華人民共和國浙江省湖州 濱湖大道西段518號 湖州奧特萊斯)	<p>The property comprises 8 units on Levels 1, 2 and 3 of 3-storey commercial buildings completed in 2015.</p> <p>The property is situated in Huzhou. It is located to the south of Taihu Road. Developments in the vicinity comprise mainly commercial and residential buildings such as Sheraton Huzhou Hot Spring Resort, Landison Resort Huzhou, Taihu Sunny Holiday, etc. The property is served by public bus routes.</p> <p>The property has a total gross floor area of 95,330.84 sq m.</p> <p>The land use rights of the property have been granted for terms due to expire on 10 February 2050 for commercial use.</p>	<p>As at the Valuation Date, the property was fully let and subject to various tenancies with the latest expiry in December 2023 at a total monthly rent of approximately RMB660,000 (exclusive of management fee).</p>	<p>RMB937,000,000</p> <p>(100% interest attributable to the Target Companies: RMB937,000,000)</p>

Notes:

- (1) The constituent gross floor areas are summarised as follows:

Portion	Gross Floor Area (sq m)
Retail Phase I	52,534.49
Retail Phase II	42,796.35
Total	95,330.84

- (2) According to 170 Building Ownership Certificates dated 14 April 2014, the building ownership of portions of the property comprising a total gross floor area of 52,534.49 sq m is vested in Zhejiang Outlets Property Real Estate Co., Ltd. (浙江奧特萊斯置業有限公司), in which the Target Companies have 100% attributable interest.

As advised by the Company, only portions of the property have been granted the Building Ownership Certificates mentioned above.

- (3) According to the Certificates for the Use of State-owned Land, the land use rights of the property are vested in Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司), in which the Target Companies have 100% attributable interest, with key details as follows:

Certificate No.	Land Plot No.	Issue Date	Land Use	Land Use Term Expiry Date	Site Area (sq m)
(2013) 013188	2-13-28-2-1	27 November 2013	Commercial	10 February 2050	109,937
(2013) 013190	2-13-28-2-2	27 November 2013	Commercial	10 February 2050	104,380
Total					214,317

- (4) According to the Survey Report dated 8 October 2014, the total gross floor area of the retail portion of Phase II of the property is 42,796.35 sq m.
- (5) According to Business Licence No. 330500400013041 dated 4 September 2013, Zhejiang Outlets Property Real Estate Co., Ltd. (浙江奥特莱斯置业有限公司) was established as a limited liability company with a registered capital of USD40,000,000 for a valid operation period from 6 May 2010 until 5 May 2050.
- (6) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Certificates for the Use of State-owned Land and the Building Ownership Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) Zhejiang Outlets Property Real Estate Co., Ltd. (浙江奥特莱斯置业有限公司) is the legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) Zhejiang Outlets Property Real Estate Co., Ltd. (浙江奥特莱斯置业有限公司) has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the company has to discharge the mortgage or obtain the mortgagee's consent in advance; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.
- (7) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|----------------|
| Certificate for the Use of State-owned Land | Yes |
| Building Ownership Certificate | Yes (portions) |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Survey Report | Yes (portions) |
| Business Licence | Yes |
- (8) Tseching, Manager of DTZ Hangzhou Office, inspected the property on 31 March 2016.
- (9) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司).

VALUATION CERTIFICATE

Group II – Property held by the Target Companies under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
4. The development site to be known as Kunshan Capital Outlets, Phase II, east of Dongcheng Avenue, south of Jingwang Road, Economic and Development District, Kunshan, Jiangsu Province, the PRC (中華人民共和國江蘇省 昆山 開發區東城大道東側、景王路南側 昆山奧特萊斯二期在建項目)	<p>The property comprises a commercial development to be erected on a parcel of land with a total site area of 46,790.10 sq m.</p> <p>The property is situated in Economic and Development District. It is located to the east of Dongcheng Avenue, the south Jingwang Road and surrounded by Jialingjiang Road. Developments in the vicinity comprise mainly residential and retail buildings such as Shimao Dongwaitan, Shimao Plaza, etc. The property is served by public bus routes.</p> <p>According to the development scheme provided to us, the property has a total planned gross floor area of 50,411.54 sq m.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on 26 January 2053 for commercial use.</p>	<p>The property is under construction and scheduled to be completed in October 2016.</p>	<p>No commercial value</p> <p>(100% interest attributable to the Target Companies: No commercial value)</p> <p>(See Note 1)</p>

Notes:

- (1) According to its Certificate for the Use of State-owned Land, the property is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB214,000,000 (100% interest attributable to the Target Companies: RMB214,000,000).

- (2) The constituent gross floor areas are summarised as follows:

Portion	Gross Floor Area (sq m)
Retail	49,227.87
Others	1,183.67
Total	50,411.54

- (3) According to Certificate for the Use of State-owned Land No. (2015) DW140 dated 10 September 2015, the land use rights of the property comprising a total site area of 46,790.10 sq m are vested in Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司), in which the Target Companies have 100% attributable interest, for a term due to expire on 26 January 2053 for commercial use.

Upon completion of the construction of the property, no less than 50,000 sq m of the shopping mall should be held by Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司) and are subject to restrictions on transfer and sales.

- (4) According to Grant Contract of State-owned Land Use Rights No. 3205832012CR0141 dated 27 July 2012 and its Supplemental Agreement dated 12 November 2013, the land use rights of the property comprising a total site area of 46,790.10 sq m have been contracted to be granted to Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司), in which the Target Companies have 100% attributable interest, for a term of 40 years for commercial use. The salient conditions are set out as follows:

Location	: The north of Kunjia Road, Development Area, Kunshan
Land Use	: Commercial
Site Area	: 46,790.10 sq m
Land Use Term	: 40 years for commercial use
Plot Ratio	: Not less than 1.7, not more than 2.2
Land Premium	: RMB146,219,062
Building Covenant	: To commence construction before 27 July 2013 To complete construction before 27 January 2015 (can be delayed in one year)

- (5) According to Planning Permit for Construction Use of Land No. (2014) 0046 dated 5 June 2014, the construction site of the property with a total area of 46,790.10 sq m is in compliance with the urban planning requirements.

- (6) Details of the Planning Permits for Construction Works are as follows:

Permit No.	Issue Date	Gross Floor Area (sq m)
(2014) 0282	2 July 2014	7,924.47
(2014) 0283	2 July 2014	9,669.76
(2014) 0284	2 July 2014	13,592.45
(2014) 0285	2 July 2014	19,224.86
Total		50,411.54

- (7) According to Permit for Commencement of Construction Works No. 320583201510100401 dated 10 October 2015, the construction works of the property with a gross floor area of 50,411.54 sq m are in compliance with the requirements for works commencement and have been permitted.

- (8) The development value as if completed as at the Valuation Date was RMB545,000,000.

- (9) According to information provided by the Company, the construction cost incurred as at the Valuation Date was approximately RMB49,000,000. The estimated total construction cost was approximately RMB195,000,000. In the course of our valuation, we have taken into account such costs.

- (10) According to Business Licence No. 320583000587142 dated 5 February 2015, Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司) was established as a limited liability company with a registered capital of RMB100,000,000 for a valid operation period from 18 March 2013 to 17 March 2053.
- (11) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Certificate for the Use of State-owned Land of the property is valid, legal and enforceable under the PRC laws;
 - (ii) Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司) is the legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) The property is subject to the restrictions set out in the Certificate for the Use of State-owned Land;
 - (iv) On the basis that the reason of pending construction process is due to the local government, the land of the property should not be imposed on land idle fee or be revoked the use right of state-owned land from Capital Dongxing (Kunshan) Commercial Development Co. Ltd (首創東興(昆山)商業開發有限公司) for the reason of late construction;
 - (v) The sale and transfer restrictions are intended to require the project company to operate the project by itself and only restrict the sale of the property. Such restrictions will not be violated for transferring the share of the project company's shareholder on the basis which the operation of the project will not be adversely affected; and
 - (vi) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.
- (12) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Survey Report | No |
| Business Licence | Yes |
- (13) Deng Yu, Manager of DTZ Shanghai Office, inspected the property on 15 February 2016.
- (14) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司).

VALUATION CERTIFICATE

Group III – Properties held by the Target Companies for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
5. The development site for the proposed development to be known as Beijing Capital Outlets, Phase II, Fangshan District, Beijing, the PRC (中華人民共和國北京房山區北京奧特萊斯二期待建項目)	<p>The property comprises a parcel of land with a total site area of 20,800 sq m.</p> <p>Beijing Capital Outlets is situated in Fangshan District. It is located to the west of East Ring Road and to the north of Ballet Town. Developments in the vicinity comprise mainly residential buildings such as Jiazhou Shuijun, Bigui Yuan, etc. The property is served by public bus routes and subway.</p> <p>The total permissible gross floor area of the property is 88,421 sq m.</p> <p>The land use rights of the property have been granted for a term due to expire on 5 April 2050 for commercial use.</p>	The property is a vacant land pending development.	<p>No commercial value</p> <p>(100% interest attributable to the Target Companies: No commercial value)</p> <p>(See Note 1)</p>

Notes:

- (1) According to its Grant Contract of Land Use Rights and supplementary agreement, the property is subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to separately assess the market value on the assumptions that proper and unfettered title documents had been obtained without encumbrances and all relevant land premium for obtaining the release of such sale and transfer restrictions had been fully settled. The market value of the property on the said hypothetical basis in its existing state as at 31 March 2016 was RMB322,000,000 (100% interest attributable to the Target Companies: RMB322,000,000).

- (2) According to Certificate for the Use of State-owned Land No. 2010-00099 dated 20 October 2010, the land use rights of an enlarged development, including the property, comprising a total site area of 90,765.58 sq m are vested in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), in which the Target Companies have 100% attributable interest, for a term due to expire on 5 April 2050 for commercial use.

As advised by the Group, the property comprises a portion of the site as stated in the Certificate for the Use of State-owned Land mentioned above.

- (3) According to Grant Contract of State-owned Land Use Rights No. (2010) 0082 dated 6 April 2010 and its Supplementary Agreement, the land use rights of the overall outlet project comprising a total site area of 181,824.66 sq m have been contracted to be granted to Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), in which the Target Companies have 100% attributable interest, for terms due to expire on 5 April 2050 for commercial use and due to expire on 5 April 2080 for residential use. The salient conditions are set out as follows:

Location	:	Changyang Town in Fangshan District
Land Use	:	Residential/commercial/composite/underground car park/underground commercial
Site Area	:	181,824.66 sq m
Land Use Term	:	70 years for residential use; 40 years for commercial and underground commercial; 50 years for composite and underground car park
Plot Ratio	:	Not more than 2
Permissible Gross Floor Area	:	288,594.0007 sq m
Land Premium	:	RMB925,780,000
Building Covenant	:	To commence construction before 30 September 2010 To complete construction before 30 April 2013 (can be delayed in one year)

Upon completion of the construction of the development, no less than 100,000 sq m of the shopping mall should be held by Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) and are subject to restrictions on transfer and sales.

As advised by the Group, the property comprises a portion of the site as stated in the Grant Contract of State-owned Land Use Rights mentioned above.

- (4) According to Planning Permit for Construction Use of Land No. 2010-0008 dated 11 August 2010, the construction site of the residential and commercial project (Land Lots Nos. 1 and 2 of Changyang West Station) with a total area of 181,824.66 sq m is in compliance with the urban planning requirements.
- (5) According to Planning Permit for Construction Works No. 110111201600020 dated 31 March 2016, the construction works with a total planned gross floor area of 88,421.00 sq m are in compliance with the urban planning requirements and have been approved.
- (6) According to Business Licence No. 110000450137361 dated 21 May 2010, Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) was established as a limited liability company with a registered capital of USD127,000,000 for a valid operation period from 21 May 2010 until 20 May 2050.
- (7) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Certificate for the Use of State-owned Land of the property is valid, legal and enforceable under the PRC laws;
 - (ii) Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) is the legal land user of the property and the relevant certificates and approval from the government in respect of the construction of the property are in the process of application;
 - (iii) No circumstance is observed which will cause the land to be identified as idle land;
 - (iv) The property is subject to the restrictions set out in the supplementary agreement of the Grant Contract of Land Use Rights;
 - (v) The sale and transfer restrictions are intended to require the project company to operate the project by itself and only restrict the sale of the property. Such restrictions will not be violated for transferring the share of the project company's shareholder on the basis which the operation of the project will not be adversely affected; and
 - (vi) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.

- (8) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

- (9) Li Boshan, Manager of DTZ Beijing Office, inspected the property on 31 March 2016.

- (10) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司).

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2016
6. The development site for the proposed development to be known as Zhejiang Huzhou Taihu Project, south of Meidong Pian Binhu Avenue, Huzhou, Zhejiang Province, the PRC (中華人民共和國浙江省湖州梅東片濱湖大道南側浙江湖州太湖項目待建項目)	<p>The property comprises two parcels of land with a total site area of 88,376 sq m.</p> <p>The property is situated in Wuxing District. It is located to the south of Taihu Road. Developments in the vicinity comprise mainly commercial and residential buildings such as Sheraton Huzhou Hot Spring Resort, Landison Resort Huzhou, Taihu Sunny Holiday, etc. The property is served by public bus routes.</p> <p>The total permissible gross floor area of the property is 205,165.37 sq m.</p> <p>The land use rights of the property have been granted for terms of 40 years due to expire on 10 February 2050 for commercial use.</p>	The property is a vacant land pending development.	<p>RMB64,000,000</p> <p>(100% interest attributable to the Target Companies: RMB64,000,000)</p>

Notes:

- (1) According to the Certificates for the Use of State-owned Land, the land use rights of the property are vested in Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奧特萊斯置業有限公司), in which the Target Companies have 100% attributable interest, with key details as follows:

Certificate No.	Land Plot No.	Issue Date	Land Use	Land Use Term Expiry Date	Site Area (sq m)
(2010) 13-19692	01-13-28-0001	1 September 2010	Commercial	10 February 2050	48,522
(2010) 13-19714	01-13-28-0003	1 September 2010	Commercial	10 February 2050	39,854
Total					88,376

- (2) According to Grant Contract of State-owned Land Use Rights No. 3305012009A21085 dated 7 January 2010, the land use rights of of an enlarged development, including the property, comprising a total site area of 302,693.00 sq m have been contracted to be granted to Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司), in which the Target Companies have 100% attributable interest, for a term due to expire on 10 February 2050 for commercial use. The salient conditions are set out as follows:

Location	: Plot A, south side of the Lake Avenue, Meidong area of the Taihu National Vacation Area
Land Use	: Commercial
Site Area	: 302,693.00 sq m
Land Use Term	: 40 years for commercial use
Plot Ratio	: 1.0
Permissible Gross Floor Area	: 302,693.00 sq m
Land Premium	: RMB136,450,000
Building Covenant	: To commence construction before 1 December 2010 To complete construction before 1 December 2013 (can be delayed in one year)

As advised by the Group, the property comprises a portion of the site as stated in the Grant Contract of State-owned Land Use Rights mentioned above.

- (3) According to Planning Permit for Construction Use of Land No. 330501201000029 dated 19 May 2010, the construction site of an enlarged development, including the property, with a total area of 302,713 sq m is in compliance with the urban planning requirements.
- (4) According to Business Licence No. 330500400013041 dated 4 September 2013, Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司) was established as a limited liability company with a registered capital of USD40,000,000 for a valid operation period from 6 May 2010 to 5 May 2050.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Certificates for the Use of State-owned Land of the property are valid, legal and enforceable under the PRC laws;
 - (ii) Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司) is the legal land user of the property and the relevant certificates and approval from the government in respect of the construction of the property are in the process of application;
 - (iii) No circumstance is observed which will cause the land to be identified as idle land;
 - (iv) Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司) has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the company has to discharge the mortgage or obtain the mortgagee's consent in advance; and
 - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights has been paid and settled.
- (6) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Business Licence | Yes |
- (7) Tseching, Manager of DTZ Hangzhou Office, inspected the property on 31 March 2016.
- (8) As advised by the Company, Beijing Capital Land Co., Ltd. (首創置業股份有限公司) has 100% interest attributable in Zhejiang Outlets Property Real Estate Co, Ltd. (浙江奥特莱斯置业有限公司).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**Interests of Directors**

- (a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).
- (b) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (c) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.
- (d) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company), so far as are known to any Director, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Capital Group	1,649,205,700 (Note 1)	Non-listed Shares	82.16 (long position)	–	82.16	54.47 (long position)	–	54.47
Beijing Rong Tong Zheng He Investment Management Company Limited (北京融通正和 投資管理有限公司)	357,998,300 (Notes 1 and 2)	Non-listed Shares	–	17.83 (long position)	17.83	–	11.82 (long position)	11.82
Guoda Limited	357,998,300 (Note 3)	Non-listed Shares	–	17.83 (long position)	17.83	–	11.82 (long position)	11.82
China Resource Products Limited	357,998,300 (Note 4)	Non-listed Shares	13.71 (long position)	4.12 (long position)	17.83	9.09 (long position)	2.73 (long position)	11.82
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	4.12 (long position)	–	4.12	2.73 (long position)	–	2.73
Reco Pearl Private Limited	165,070,000	H Shares	16.17 (long position)	–	16.17	5.45 (long position)	–	5.45
Recosia China Pte Ltd	165,070,000 (Note 5)	H Shares	–	16.17 (long position)	16.17	–	5.45 (long position)	5.45

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentages Approximate percentages in relevant class of shares (%)			Approximate percentages Approximate percentages in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Recosia Pte Ltd.	165,070,000 (Note 6)	H Shares	–	16.17 (long position)	16.17	–	5.45 (long position)	5.45
Government of Singapore Investment Corporation (Realty) Pte Ltd.	165,070,000 (Note 7)	H Shares	–	16.17 (long position)	16.17	–	5.45 (long position)	5.45

Notes:

- 1,649,205,700 Shares are directly held by Capital Group. As at the Latest Practicable Date, China Resource Products Limited is held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group is not deemed to be interested in 275,236,200 Shares held through China Resource Products Limited and 82,762,100 Shares held through China Resource Products Limited and Yieldwell International Enterprise Limited pursuant to the SFO.
- 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited and China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited, China Resources Products Limited and Yieldwell International Enterprise Limited.
- 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resources Products Limited and Yieldwell International Enterprise Limited.
- 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
- 165,070,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
- 165,070,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.
- 165,070,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

Save as disclosed, so far as is known to the Directors, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

- (a) the equity transfer agreement dated 15 August 2014 entered into between Reco Ziyang Pte Ltd. and Asian Expert Limited in relation to the acquisition of 60% equity interest in Xi'an Capital Xin Kai Real Estate Ltd. by Asian Expert Limited from Reco Ziyang Pte Ltd. at the consideration of approximately RMB937.6 million;
- (b) the equity transfer agreement dated 15 August 2014 entered into between Far Reaching Company Limited and Asian Expert Limited in relation to the transfer of the entire equity interest in Xi'an Capital Xin Kai Real Estate Ltd. at the consideration of a total of approximately RMB1,563 million;
- (c) the subscription agreement dated 15 August 2014 entered into between Get Thrive Limited and BC Juda in relation to the subscription by Get Thrive Limited of convertible preference shares to be issued by BC Juda at the consideration of a total of approximately HK\$1,963.4 million;
- (d) the shareholders' agreement entered into between Beijing Capital Investment Development Limited* (首創投資發展有限公司) and Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司) dated 18 September 2014 in relation to the increase of capital contribution of RMB360,000,000 by Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司) to Beijing Liujin Zhiye Land Limited Liability Company* (北京鑒金置業有限責任公司); and

- (e) the equity transfer agreement in relation to the equity interest of Tianjin Banshan Renjia Real Estate Co., Ltd.* (天津伴山人家置業有限公司) and Chongqing equity transfer agreement in relation to the equity interest of Chongqing Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司), both dated 4 November 2014, made between Star Key Limited, First Base Properties Ltd. and Reco Ziyang Pte Ltd., in relation to the transfer by Reco Ziyang Pte Ltd. of 45% equity interest of Tianjin Banshan Renjia Real Estate Co., Ltd.* (天津伴山人家置業有限公司) (then held as to 55% of its equity interest by the Company) and of 50% equity interest of Chongqing Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司) (then held as to 50% of its equity interest by the Company) to Star Key Limited and First Base Properties Ltd., respectively, at a consideration of approximately RMB224.62 million and RMB581.74 million, respectively;
- (f) the Non-Competition Deed;
- (g) the sponsor agreement dated 25 November 2014 entered into among inter alia, BC Juda, Asian Expert Limited and HSBC Corporate Finance (Hong Kong) Limited, as sponsor, in relation to their rights and obligations in connection with the listing application of BC Juda at the sponsor's fees of US\$2 million;
- (h) the subscription agreement dated 25 November 2014 entered into between the Company, Central Plaza Development Ltd., as issuer, International Financial Center Property Ltd., as guarantor, and DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, ICBC International Securities Limited and Standard Chartered Bank, as joint lead managers, to carry out a drawdown under the "US\$1,000,000,000 guaranteed medium term note and perpetual securities programme" established on 10 February 2014 to offer and issue the drawdown notes in an aggregate nominal amount of US\$450,000,000 at a distribution rate of 7.125% in relation to senior perpetual capital securities offered and issued by Central Plaza Development Ltd. and guaranteed by International Financial Center Property Ltd.;
- (i) the investment agreement dated 14 January 2015 entered into between the Company, Capital Group, certain subsidiaries of Capital Group including Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司), Beijing Capital Investment & Guarantee Co., Ltd. (北京首創融資擔保有限公司), Beijing Capital Jingzhong (Tianjin) Investment Co., Ltd.* (首創經中(天津)投資有限公司), Beijing Shuixing Investment management Co., Ltd.* (北京水星投資管理有限責任公司) and Shouzheng Desheng Capital Management Co., Ltd.* (首正德盛資本管理有限公司), Jiaxing Shoujin Heyi Investment Partnership Enterprise (Limited Partnership)* (嘉興首金合益投資合夥企業(有限合夥)) (a limited partnership established under the laws of the PRC) and Dhc Software Co., Ltd. (東華軟件股份公司) (a public limited company (SZSE Stock Code: 002065)) in relation to the formation of the joint venture company, Beijing Capital Financial Asset Exchange Information Service Co., Ltd. (北京首創金融資產交易信息服務股份有限公司), pursuant to which the contribution of the Company is RMB20,000,000;

- (j) the agreement dated 17 March 2015 entered into between Shanghai Capital Zhengheng Property Co., Ltd.* (上海首創正恒置業有限公司), Beijing Wan'an Jinrui Investment Management Co., Ltd.* (北京萬安金瑞投資管理有限公司) and CIFI Group Co., Ltd. (旭輝集團股份有限公司) in relation to the injection of registered capital into the project company, Shanghai Shoujia Property Company Limited* (上海首嘉置業有限公司), pursuant to which the contributions of Shanghai Capital Zhengheng Property Co., Ltd.* (上海首創正恒置業有限公司) and Beijing Wan'an Jinrui Investment Management Co., Ltd.* (北京萬安金瑞投資管理有限公司) are RMB5,100,000 and RMB4,900,000, respectively;
- (k) the agreement dated 26 June 2015 entered into between Beijing Langyuan Real Estate Co., Ltd.* (北京郎園置業有限公司), Zhongguancun Development Group* (中關村發展集團股份有限公司), Beijing Zhongguancun Software Park Development Co., Ltd.* (北京中關村軟件園發展有限責任公司) and Beijing Zhongguancun IC Park Development Co., Ltd.* (北京中關村集成電路設計園發展有限責任公司) in relation to the injection of capital into the project company, Beijing Zhongguancun IC Park Development Co., Ltd.* (北京中關村集成電路設計園發展有限責任公司) (the **"Project Company"**), pursuant to which Beijing Langyuan Real Estate Co., Ltd.* (北京郎園置業有限公司) will inject RMB500,000,000 to the registered capital of the Project Company and provide up to RMB913,500,000 in shareholders' loan to the Project Company;
- (l) the underwriting agreement dated 6 May 2015 entered into between the Company and China International Capital Corporation Limited, as underwriter, in relation to the underwriting arrangement in respect of the issue by the Company of 5-year RMB bonds in a principal amount of RMB3,000,000,000 with a coupon rate of 4.58%;
- (m) the subscription agreement dated 23 July 2015 entered into between BC Juda, Rosy Capital Global Limited and Capital Group with The Hongkong and Shanghai Banking Corporation Limited and DBS Bank Ltd., ABCI Capital Limited, Bank of China (Hong Kong) Limited and China Construction Bank Corporation, Singapore Branch in connection with the issue of RMB1,300,000,000 guaranteed notes at 5.25% due 2018 by Rosy Capital Global Limited;
- (n) the keepwell and liquidity support deed dated 30 July 2015 entered into between BC Juda, Rosy Capital Global Limited, Capital Group and The Hongkong and Shanghai Banking Corporation Limited, as trustee, pursuant to which Capital Group will, inter alia, cause each of Rosy Capital Global Limited and BC Juda to have a consolidated net worth position of at least US\$1.00 and RMB100,000,000, respectively, at all times, and to have sufficient liquidity to ensure timely payment of any and all amounts payable under or in respect of the RMB1,300,000,000 guaranteed notes at 5.25% due 2018 issued by Rosy Capital Global Limited;
- (o) the deed of equity interest purchase undertaking dated 30 July 2015 entered into between BC Juda, Rosy Capital Global Limited, Capital Group and The Hongkong and Shanghai Banking Corporation Limited, as trustee, pursuant to which Capital Group agreed to purchase certain equity interest following an event of default under the RMB1,300,000,000 guaranteed notes at 5.25% due 2018 issued by Rosy Capital Global Limited;

- (p) the domestic share subscription agreement dated 10 August 2015 entered into between Capital Group and the Company, pursuant to which Capital Group conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 1,000,000,000 new domestic shares at the subscription price of RMB3.08 per new domestic share;
- (q) the capital injection agreement dated 9 December 2015 entered into between Beijing Capital Investment Development Limited* (首創投資發展有限公司) and Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司) in relation to, among other matters, make an aggregate capital contribution of no more than RMB920,000,000 to the registered capital of Beijing Liujin Zhiye Land Limited Liability Company* (北京鑒金置業有限責任公司) in proportion to their percentage shareholding in Beijing Liujin Zhiye Land Limited Liability Company* (北京鑒金置業有限責任公司) of 60% and 40% respectively;
- (r) the guarantee agreement dated 22 December 2015 entered into between the Company and a licensed commercial bank in the PRC in relation to the provision of a joint guarantee by the Company for a term from the date of drawdown to the date of settlement of the up to RMB600,000,000 loan made available by such licensed commercial bank in the PRC to Capital Jiaming New Town Investment Co., Ltd.* (首創嘉銘新城鎮投資發展有限公司);
- (s) the equity transfer agreement dated 25 December 2015 entered into between the Company and International Financial Centre Property Ltd. as vendors and Zhuhai Hengqin Chuangyuan Zhonghuan Equity Investment Centre (Limited Partner)* (珠海橫琴創元中環股權投資中心(有限合夥)) and Beijing Chuangyuanhui Capital Management Co., Ltd.* (北京創元匯資本管理有限公司) as purchasers in relation to the transfer of the entire equity interest in Beijing Central Plaza Xinrong Hotel Management Co., Ltd.* (北京中環鑫融酒店管理有限公司) at a consideration of RMB624,400,000;
- (t) the shares and shareholder's loan transfer agreement dated 31 December 2015 entered into among Grand Modest Limited as purchaser, Rueyyuan Holding Company Limited as vendor and Speed Plus Investments Limited in relation to sale and purchase of 25 shares in Speed Plus Investments Limited, representing 25% of the total issued shares of Speed Plus Investments Limited, at a consideration of US\$13,600,522.27 and the shareholders' loan at an aggregate consideration of US\$61,731,870.23;
- (u) the cooperation framework agreement dated 24 March 2016 entered into among Tianjin Xingtai Jixing Real Estate Co., Ltd.* (天津興泰吉鑫置業有限公司), Shenzhen Lianxin Investment Management Company Limited* (深圳聯新投資管理有限公司), Shenzhen Yujia Investment Management Company Limited* (深圳市裕嘉投資管理有限公司), Tianjin Real Estate Development (Group) Company Limited* (天津市房地產發展(集團)股份有限公司), Renheng Development (Tianjin) Company Limited* (仁恆發展(天津)有限公司) and Tianjin Lianjin Real Estate Development Company Limited* (天津聯津房地產開發有限公司) in relation to the injection of registered capital into Tianjin Lianjin Real Estate Development Company Limited* (天津聯津房地產開發有限公司) and co-development of the site located at north west of the intersection of Guangrong Road and Hanyang North Road, Hongqiao District, Tianjin*, the PRC (天津市紅橋區咸陽北路與光榮道交口西北側) pursuant to which Tianjin Xingtai Jixing Real Estate Co., Ltd.* (天津興泰吉鑫置業有限公司) agreed to provide an aggregate amount of up to RMB643,750,000;

- (v) the joint venture agreement dated 1 April 2016 entered into between Beijing Ruiyuan Fengji Real Estate Development Co. Ltd.* (北京瑞元豐吉置業有限公司) and Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)) in relation to the formation of Beijing Capital Qingyundianzhen Development Limited* (北京首創青雲城鎮建設開發有限公司), pursuant to which Beijing Ruiyuan Fengji Real Estate Development Co. Ltd.* (北京瑞元豐吉置業有限公司) and Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)) agreed to contribute RMB52,200,000 and RMB37,800,000, respectively;
- (w) the equity transfer agreement dated 3 June 2016 entered into between Capital Group as seller and the Company as purchaser in relation to the transfer of the entire equity interest in Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司) and the shareholders' loan at an aggregate consideration of approximately RMB1,567,242,000;
- (x) the equity transfer agreement dated 3 June 2016 entered into between Beijing Capital Investment Development Limited* (首創投資發展有限公司) as seller and Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司) as purchaser in relation to the transfer of 60% equity interest in Beijing Liujin Zhiye Land Limited Liability Company* (北京鑾金置業有限責任公司) and the shareholders' loan at an aggregate consideration of approximately RMB2,149,702,000;
- (y) the equity transfer agreement dated 3 June 2016 entered into among Beijing Chuangzhi Trust Finance Investment Centre (Limited Partnership)* (北京創智信融投資中心(有限合夥)) and Beijing Xinwei Infrastructure Investment Limited* (北京信威基礎設施投資有限公司) as co-sellers and Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司) as purchaser in relation to the transfer of the entire equity interest in Chongqing Runzhi Construction Development Limited* (重慶潤智建設開發有限公司) and the shareholders' loan at an aggregate consideration of approximately RMB210,196,000;
- (z) the equity transfer agreement dated 3 June 2016 entered into between Beijing Capital Investment Development Limited* (首創投資發展有限公司) as seller, Beijing Xinli Yeda Investment Consulting Limited* (北京鑫利業達投資諮詢有限公司) as purchaser, Capital Group and Beijing Capital Fangzhou Real Estate Company Limited* (北京首創方舟置業有限公司) in relation to the transfer of the entire equity interest in Shenyang Haohua Land Limited* (瀋陽昊華置業有限公司) and the shareholders' loan at an aggregate consideration of approximately RMB275,556,000;
- (aa) the lease agreement dated 3 June 2016 entered into between Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司) and Capital Group in relation to certain units in Capital Building* (首創大廈);
- (bb) the Disposal Agreements;
- (cc) the Amended Non-Competition Deed;
- (dd) the Subscription Agreement;

- (ee) the capital injection agreement dated 27 June 2016 entered into between Shanghai Capital Zhengheng Property Co., Ltd* (上海首創正恒置業有限公司) and Shanghai Poly Jianjin Real Estate Co., Ltd.* (上海保利建錦房地產有限公司) in relation to a capital injection of not more than RMB2,779,500,000 into Shanghai Yujing Real Estate Co., Ltd.* (上海裕憬房地產開發有限公司) and Shanghai Xuanxi Real Estate Co., Ltd.* (上海暄熹房地產開發有限公司) by Shanghai Capital Zhengheng Property Co., Ltd* (上海首創正恒置業有限公司); and
- (ff) the joint venture agreement dated 28 June 2016 entered into between Beijing Ruiyuan Fengji Real Estate Development Co. Ltd.* (北京瑞元豐吉置業有限公司) and Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)) in relation to the formation of Beijing Youda Zhiye Limited* (北京優達置業有限公司), pursuant to which Beijing Ruiyuan Fengji Real Estate Development Co. Ltd.* (北京瑞元豐吉置業有限公司) and Beijing Capital New Town Construction Investment Fund (Limited Partnership)* (北京首創新城鎮建設投資基金(有限合夥)) agreed to contribute RMB63,000,000 and RMB27,000,000, respectively.

6. EXPERT'S QUALIFICATION AND CONSENT

The followings are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	Qualification
DTZ	independent property valuer
Jingtian & Gongcheng Attorneys At Law (北京市競天公誠律師事務所)	PRC legal advisers

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), certificate(s) and/or opinion(s) (as the case may be) and the references to their names included herein in the form and context in which it is respectively included.

Each of the experts named above confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the place of business of the Company in Hong Kong unless (i) a tropic cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, except public holidays, for a period of 14 days from the date of this circular:

- (a) the Articles;
- (b) the letter from the Board, the text of which is set out on pages 8 to 36 of this circular;
- (c) the annual reports of the Company for the financial years ended 31 December 2013, 2014 and 31 December 2015 respectively;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (e) the valuation report prepared by DTZ, the text of which is set out in Appendix II to this circular;
- (f) the written consents referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix;
- (g) the legal opinion given by Jingtian & Gongcheng Attorneys At Law (北京市競天公誠律師事務所) regarding the titles to the properties and the interests of the Target Group in the properties in the PRC;
- (h) the circular of the Company dated 29 June 2016; and
- (i) this circular.

10. MISCELLANEOUS

- (a) The registered address of the Company is at Room 6008, Block 1, No. 26 Qingchun Road, Huairou District, Beijing, PRC.
- (b) The principal place of business of the Company in the PRC is at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, PRC.
- (c) The principal place of business of the Company in Hong Kong is at Suites 2906-08, AIA Central, 1 Connaught Road Central, Hong Kong.
- (d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The company secretary is Mr. Lee Sze Wai, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (f) In the event of any inconsistencies, the English text of this circular and the proxy forms shall prevail over the Chinese text.

NOTICE OF EGM



首創置業股份有限公司 BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Beijing Capital Land Ltd. (the “**Company**”) will be held on 9:00 a.m. on Monday, 18 July 2016 at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, People's Republic of China (the “**PRC**”) to consider and, if thought fit, pass the following resolutions. Capitalised terms defined in the circular dated 30 June 2016 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

Resolution in relation to the Disposal (including, among other things, the Amended Non-Competition Deed)

1. “**THAT:**

- (a) the Disposal Agreements and the Amended Non-Competition Deed (as defined and described in the circular of the Company dated 30 June 2016 (the “**Circular**”), a copy of each of the Disposal Agreements and the Amended Non-Competition Deed, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “**A**”, “**B**”, “**C**” and “**D**” respectively) and the transactions contemplated thereunder and in connection with the Disposal and the Potential Placing(s), be and are hereby approved, confirmed and ratified; and
- (b) any one of the Directors of the Company be and is hereby generally and unconditionally authorized to do all such acts and things and execute all such documents and to take all such steps as he or she considers necessary or expedient or desirable in connection with or to give effect to the Disposal Agreements and the Amended Non-Competition Deed and to implement the transactions contemplated thereunder and matters in connection with the Disposal and the Potential Placing(s) to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the board of Directors of the Company, in the interest of the Company.”

NOTICE OF EGM

Resolution in relation to the Subscription

2. “THAT:

- (a) the Subscription Agreement (as defined and described in the Circular), a copy of the Subscription Agreement, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “E”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the Directors of the Company be and is hereby generally and unconditionally authorized to do all such acts and things and execute all such documents and to take all such steps as he or she considers necessary or expedient or desirable in connection with or to give effect to the Subscription Agreement and to implement the transactions contemplated thereunder and matters in connection with the Subscription to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the board of Directors of the Company, in the interest of the Company.”

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

Hong Kong, 30 June 2016

Notes:

(1) Voting arrangements

As disclosed in the Circular, Capital Group, its close associates (including BCG, China Resource Products Limited and Yieldwell International Enterprise Limited) and any Shareholder who has a material interest in the Disposal Agreements, the Subscription Agreement, the Amended Non-Competition Deed and the transactions contemplated thereunder will abstain from voting on the relevant resolution(s) to be proposed at the EGM for approving the proposed Disposal Agreements, the Subscription Agreement, the Amended Non-Competition Deed and the transactions contemplated thereunder.

(2) Registration procedures for the EGM

Shareholders who intend to attend the EGM have to return the reply slip together with any necessary registration documents to the Company in person or by post or fax on or before Sunday, 10 July 2016.

(3) Proxy

- i. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.
- ii. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority, shall be deposited by holders of domestic shares or non-H foreign shares of the Company at the place of business of the Company in the PRC not less than 24 hours before the time for holding of the EGM, or by the holder of H Shares at the place of business of the Company in Hong Kong or to the H Share registrar of the Company by such time. The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by such time.
- iii. Shareholders or their proxies shall produce their identification documents when attending the EGM.

NOTICE OF EGM

(4) Miscellaneous

i. The duration of the EGM is expected not to exceed half a day. Shareholders who attend the EGM shall arrange for their own transportation and accommodation at their own expenses.

ii. All voting at the EGM will be conducted by poll.

iii. Place of business of the Company in the PRC:

F17, Red Goldage
No. 2, Guang Ning Bo Street
Beijing, PRC

Telephone: 86-10-6652 3000

Facsimile: 86-10-6652 3171

iv. Place of business of the Company in Hong Kong:

Suites 2906-08, AIA Central,
1 Connaught Road Central,
Hong Kong

Telephone: 852-2869 9098

Facsimile: 852-2869 9708

The Board as of the date of this circular comprises Mr. Wang Hao (Chairman) and Mr. Tang Jun (President) who are the Executive Directors, Mr. Li Songping, Mr. Song Fengjing, Mr. Shen Jianping and Ms. Sun Baojie who are the Non-Executive Directors, Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John who are the Independent Non-Executive Directors.