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

(Stock Code: 2868)

**MAJOR TRANSACTION
CAPITAL INJECTION INTO JOINT VENTURE COMPANY
AND ITS WHOLLY-OWNED SUBSIDIARY**

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 4 to 11 of this circular.

16 August 2016

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DEFINITIONS

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

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| “Agreements” | the Capital Injection Agreement and the Ancillary Agreements |
| “Ancillary Agreements” | the ancillary agreements implementing the Capital Injection of the Capital Commitment pursuant to the Capital Injection Agreement, namely the ancillary subscription agreements dated 30 June 2016 entered into among Capital Zhengheng and Poly Jianjin governing the injection of an aggregate amount of RMB1,020,000,000 by Capital Zhengheng into the registered capital of the JV Company and the ancillary loan agreements dated 30 June 2016 entered into among Capital Zhengheng and Shanghai Xuanxi governing the injection of shareholder’s loans of up to an aggregate amount of RMB1,759,500,000 by Capital Zhengheng to Shanghai Xuanxi |
| “Announcement” | the announcement of the Company dated 27 June 2016 |
| “Board” | the board of directors of the Company |
| “Capital Commitment” | total capital commitment by Capital Zhengheng under the Agreements, being not more than a total of RMB2,779,500,000 |
| “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 Injection” | the injection of the Capital Commitment pursuant to the Capital Injection Agreement, as implemented in accordance with the Ancillary Agreements |
| “Capital Injection Agreement” | the capital injection agreement dated 27 June 2016 entered into between Capital Zhengheng and Poly Jianjin in relation to the injection of capital of an aggregate amount not more than RMB2,779,500,000 into the JV Company and Shanghai Xuanxi |
| “Capital Zhengheng” | Shanghai Capital Zhengheng Property Co., Ltd.* (上海首創正恒置業有限公司), a company incorporated under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of the Company |

DEFINITIONS

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| “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) |
| “Completion” | completion of transfer procedures of the Capital Injection pursuant to the Agreements, which took place on 15 July 2016 |
| “Enlarged Group” | the Group and the JV Group immediately after Completion |
| “Group” | the Company and its subsidiaries immediately prior to Completion |
| “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 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | independent third party not connected with the Company and its connected persons |
| “JV Company” | Shanghai Yujing Real Estate Co., Ltd.* (上海裕憬房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Poly Jianjin immediately prior to Completion |
| “JV Group” | the JV Company and Shanghai Xuanxi |
| “Latest Practicable Date” | 15 August 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 Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time |
| “Poly Jianjin” | Shanghai Poly Jianjin Real Estate Co., Ltd.* (上海保利建錦房地產有限公司), a company incorporated under the laws of the PRC with limited liability and a subsidiary of Poly Real Estate Group |
| “Poly Real Estate Group” | Poly Real Estate Group Ltd. (保利房地產(集團)股份有限公司), a company incorporated under the laws of the PRC with limited liability and whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600048) |

DEFINITIONS

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| “PRC” | the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time |
| “Shanghai Xuanxi” | Shanghai Xuanxi Real Estate Co., Ltd.* (上海暄熹房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the JV Company |
| “Share(s)” | 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)” | the holder(s) of the Shares of the Company |
| “Site” | a parcel of land located in Zhoupu Town, Pudong New District, Shanghai* (上海浦東新區周浦鎮) |
| “sq m” | square meters |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Written Approval” | the written approval in relation to the Agreements and the transactions contemplated thereunder by Capital Group dated 27 June 2016 pursuant to Rule 14.44 of the Listing Rules |
| “%” | per cent. |

In this circular, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(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.

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

16 August 2016

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
CAPITAL INJECTION INTO JOINT VENTURE COMPANY
AND ITS WHOLLY-OWNED SUBSIDIARY**

INTRODUCTION

Reference is made to the Announcement dated 27 June 2016 in relation to the injection of capital by Capital Zhengheng (a wholly-owned subsidiary of the Company) into the JV Company and Shanghai Xuanxi (the JV Company's wholly-owned subsidiary). The JV Company and Shanghai Xuanxi are principally engaged in the development of the Site located in Zhoupu Town, Pudong New District, Shanghai, the PRC, which will be used for the development of a residential property project.

As at the date of the Announcement, the registered capital of the JV Company was RMB5,000,000, which was subscribed by Poly Jianjin. Pursuant to the Capital Injection Agreement, Capital Zhengheng agreed to inject not more than a total of RMB2,779,500,000 into the JV Company and Shanghai Xuanxi, which represents 51% of the land premium

LETTER FROM THE BOARD

payable for the Site of RMB5,450,000,000, based on its pro-rata interest in the JV Company. On 30 June 2016, Capital Zhengheng has further entered into the Ancillary Agreements implementing the Capital Injection of the Capital Commitment pursuant to the Capital Injection Agreement, of the total Capital Commitment of RMB2,779,500,000, an aggregate amount of RMB1,020,000,000 will be injected by Capital Zhengheng into the registered capital of the JV Company and up to an aggregate amount of RMB1,759,500,000 will be injected by Capital Zhengheng as shareholder's loans to Shanghai Xuanxi, in accordance with the terms of the Ancillary Agreements. Upon Completion, Capital Zhengheng and Poly Jianjin will be interested in 51% and 49% of the registered capital in the JV Company, respectively. Completion took place on 15 July 2016.

The purpose of this circular is to provide you with, among other things, further details of the Capital Injection and such other information as required under the Listing Rules.

MAJOR TERMS OF THE AGREEMENTS

The Capital Injection Agreement

Date

27 June 2016

Parties

- (1) Capital Zhengheng; and
- (2) Poly Jianjin.

Scope of Business of the JV Company

The principal scope of business of the JV Company is property development and operation, and industrial consultation (subject to the business scope being approved by the Industrial and Commercial Administration Department in the PRC).

Purpose

The JV Company, through its 100% holding in Shanghai Xuanxi, is principally engaged in the development of the Site in Shanghai, PRC.

Capital Injection

As at the date of the Announcement, the registered capital of the JV Company was RMB5,000,000, which was subscribed by Poly Jianjin.

Pursuant to the Capital Injection Agreement, Capital Zhengheng agreed to inject not more than a total of RMB2,779,500,000 into the JV Company and Shanghai Xuanxi, which represents 51% of the land premium payable for the Site of RMB5,450,000,000, based on its pro-rata interest in the JV Company.

LETTER FROM THE BOARD

The capital requirements of the JV Company and Shanghai Xuanxi were determined by arm's length negotiation between the parties, taking into account the land premium of the Site and development plans for residential properties for sale.

Profit Sharing

Any profit or loss of the JV Company shall be shared or borne by Capital Zhengheng and Poly Jianjin in proportion to their respective equity interests in the JV Company.

The Ancillary Agreements

(a) Ancillary Subscription Agreements

Date

30 June 2016

Parties

- (1) Capital Zhengheng; and
- (2) Poly Jianjin.

Capital Injection

As an ancillary agreement to the Capital Injection Agreement for the implementation of the Capital Injection, Capital Zhengheng and Poly Jianjin agreed to inject the aggregate amounts of RMB1,020,000,000 and RMB975,000,000, respectively, into the registered capital of the JV Company within 40 days of the date of the Capital Injection Agreement. Upon Completion, Capital Zhengheng and Poly Jianjin will be interested in 51% and 49% of the registered capital in the JV Company, respectively.

Immediately after Completion, which took place on 15 July 2016, the Company is indirectly interested in 51% equity interest in the JV Company, and therefore the JV Company is accounted for as a subsidiary of the Company and hence, it is included in the Group's consolidated financial statements.

Board Composition and Supervisors of the JV Company

Upon Completion, the board of directors of the JV Company will comprise five directors, of which three directors will be nominated by Capital Zhengheng and two directors will be nominated by Poly Jianjin. Each of the directors will be appointed for a term of three years, subject to re-election at the expiration of the term of office. The chairman of the board of directors will be nominated by Capital Zhengheng.

The JV Company will also have two supervisors, of which one supervisor will be nominated by Capital Zhengheng and one supervisor will be nominated by Poly Jianjin. The supervisors will be appointed for a term of three years, subject to re-election at the expiration of the term of office.

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Transfer of Equity Interest

Each party may freely transfer their respective equity interest in the JV Company among themselves, but may not transfer all or part of its equity interest in the JV Company to any other person without the prior written consent from the other shareholders of the JV Company.

(b) Ancillary Loan Agreements

Date

30 June 2016

Parties

- (1) Capital Zhengheng; and
- (2) Shanghai Xuanxi.

Aggregate Amount of the Loans

As an ancillary agreement to the Capital Injection Agreement for the implementation of the Capital Injection, Capital Zhengheng agreed to inject up to an aggregate amount of RMB1,759,500,000 to Shanghai Xuanxi as shareholder's loans. Completion took place on 15 July 2016.

Term of the Loans

The repayment date of the loans shall be negotiated by the parties, taking into consideration of the progress on the development of the Site.

Interest on the Loans

Benchmark 1–5 years lending rate announced by the People's Bank of China (being 4.75% per annum as at the Latest Practicable Date) plus a premium of 10% based on such interest rate.

The Site

The Site was acquired by Shanghai Xuanxi, by way of land use right bidding held on 18 May 2016 through the Shanghai Municipal Bureau of Planning and Land Resources* (上海市規劃和國土資源管理局).

LETTER FROM THE BOARD

Details of the Site are listed below:

| | |
|--------------------------------|--|
| Code of the land: | West Zone Unit PDP0-1001 Lot A-03-11, Zhoupu Town, Pudong New District* (浦東新區周浦鎮西社區PDP0-1001單元A-03-11地塊) |
| Location: | Zhoupu Town, Pudong New District, Shanghai* (上海浦東新區周浦鎮) |
| Total site area: | 69,433.1 sq m |
| Nature of the land use rights: | Residential |
| Term of the land use rights: | 70 years |
| Land premium: | RMB5,450,000,000 |

As at the Latest Practicable Date and to the best knowledge of the Company, the development of the Site is expected to commence in late 2016, and is expected to be completed in 2019.

INFORMATION OF THE PARTIES

The Company

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 Group 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.

Capital Zhengheng

Capital Zhengheng is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. Capital Zhengheng is principally engaged in the development and investment of real estate in the PRC.

Poly Jianjin

Poly Jianjin is a company incorporated under the laws of the PRC with limited liability and a subsidiary of Poly Real Estate Group. Poly Jianjin is principally engaged in investment holding.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, Poly Jianjin and its ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

The JV Company and Shanghai Xuanxi

The JV Company is a company incorporated under the laws of the PRC with limited liability and is principally engaged in property development and operation. The JV Company holds 100% equity interest in Shanghai Xuanxi. The JV Company was established on 21 December 2015 for the purpose of the acquisition and development of the Site. Shanghai Xuanxi is a company incorporated under the laws of the PRC with limited liability and is principally engaged in property development and operation of the Site. The Site was acquired by Shanghai Xuanxi by way of land use right bidding held on 18 May 2016 through Shanghai Municipal Bureau of Planning and Land Resources. Shanghai Xuanxi was established on 7 January 2016 for the purpose of the acquisition and development of the Site.

As at the Latest Practicable Date and to the best knowledge of the Company, (a) the JV Company and Shanghai Xuanxi (the JV Company's wholly-owned subsidiary) have no material operations since their recent establishment, save and except for the acquisition of the Site; (b) the JV Company and Shanghai Xuanxi do not have any material expansion plans, save for the development of the Site; and (c) the Company is not required to, nor intend to, make any future capital investment or commitment to the JV Company and/or Shanghai Xuanxi, as the JV Company and Shanghai Xuanxi are expected to first resort to their internal resources and external borrowings, however the Company may be requested in the future to provide funding subject to the scale of the funds required by the JV Company and/or Shanghai Xuanxi and the prevailing financing conditions for the JV Company and/or Shanghai Xuanxi.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, immediately prior to Completion, Shanghai Xuanxi and the JV Company, and their ultimate beneficial owner(s) are Independent Third Parties.

FINANCIAL EFFECT OF THE CAPITAL INJECTION

Upon Completion, the Company is indirectly interested in 51% equity interest in the JV Company, and therefore the JV Company is accounted for as a subsidiary of the Company and hence, it is included in the Group's consolidated financial statements. For details of the unaudited pro forma financial information of the Enlarged Group, please refer to Appendix III to this circular.

Assets and liabilities

Based on the unaudited pro forma financial information as set out in Appendix III to this circular, assuming that the Completion had taken place on 31 December 2015, the total assets of the Group would have increased from approximately RMB103,871,937,000 to approximately RMB106,542,440,000 on a pro forma basis, the total liabilities of the Group would have increased from approximately RMB80,694,268,000 to approximately RMB82,384,771,000 on a pro forma basis, the net assets of the Group would have increased from RMB23,177,669,000 to RMB24,157,669,000 on a pro forma basis.

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Earnings

As set out in the Accountant's Report on the JV Company as set out in Appendix II to this circular, the JV Company did not record any revenue and net profit for the year ended 31 December 2015 and for the six months ended 30 June 2016. The Company considers that there will not be any material effect on the profit or loss of the Group immediately upon Completion. Any profit or loss of the JV Company after Completion shall be shared or borne by Capital Zhengheng and Poly Jianjin in proportion to their respective equity interests in the JV Company.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Group 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. Through the investment in the JV Company with Poly Real Estate Group, a renowned property developer, the Company expects to achieve synergy benefits and expand the Group's land bank in Shanghai, one of the core cities in which the Company is focused.

The Board (including the independent non-executive Directors) believes that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but are all less than 100%, the transaction constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder; and (b) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Agreements and the transactions contemplated thereunder.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Agreements and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As at the date of the Written Approval on 27 June 2016, Capital Group has 1,649,205,700 Shares (representing approximately 54.47% of the then total issued Shares). As the Company has obtained the Written Approval from Capital Group, no extraordinary general meeting will be convened by the Company for the purpose of approving the Agreements pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors are of the opinion that the terms of the Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as whole. If a general meeting were to be convened for the approval of the Agreements and the transactions contemplated thereunder, the Board would recommend its Shareholders to vote in favour of the resolution to approve the Agreements and the transactions contemplated thereunder at such general meeting.

FURTHER INFORMATION

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

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.

In addition, reference is made to the circular dated 29 June 2016 (the “Circular”) published by the Company in relation to, among others, the acquisitions by the Group of equity interests in Beijing Donghuan Xinrong Investment Management Limited* (北京東環鑫融投資管理有限公司), Beijing Liujin Zhiye Land Limited Liability Company* (北京鑾金置業有限責任公司), Chongqing Runzhi Construction Development Limited* (重慶潤智建設開發有限公司) and Shenyang Haohua Land Limited* (瀋陽昊華置業有限公司) (the “Target Companies”). Details of the financial information of the Target Companies for each of the three years ended 31 December 2013, 2014 and 2015 are disclosed in the Circular (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0628/LTN20160628921.pdf>, please refer to Appendix II in particular), which has been published and is available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.bjcapitalland.com.cn>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had aggregate outstanding borrowings of approximately RMB58,468,000,000 comprising:

- (a) outstanding secured bank borrowings of approximately RMB15,219,000,000 among which RMB1,173,000,000 were secured by properties, plant, equipment and the land use rights, RMB9,520,000,000 were secured by certain relevant properties under development, RMB729,000,000 were secured by bank deposits, RMB1,280,000,000 were secured by the equity of subsidiaries, RMB67,000,000 were secured by

accounts receivable, RMB50,000,000 were secured by the rights and gains of primary land development projects, RMB1,680,000,000 were secured by certain relevant properties under development and the equity of subsidiaries and RMB720,000,000 were secured by certain relevant income rights of properties under development;

- (b) other loans of approximately RMB6,204,000,000 which were secured by certain relevant properties under development;
- (c) unsecured loan of approximately RMB15,804,000,000;
- (d) corporate bonds of approximately RMB19,550,000,000; and
- (e) unsecured shareholder's loan of approximately RMB1,691,000,000.

As at 30 June 2016, the Enlarged Group provided guarantees amounted to RMB600,000,000 for long-term borrowing of a joint venture of the Group.

As at 30 June 2016, the Enlarged Group provided guarantees amounted to RMB6,681,000,000 to secure repayments obligations of mortgage loan for certain customers.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 June 2016 the Enlarged Group did not have 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 Enlarged Group, including internally generated funds and the available banking facilities, the Enlarged 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* (北京鑾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 8 June 2016, BECL Investment Holding Limited, a wholly-owned subsidiary of the Company, and Beijing Capital Juda Limited, a non-wholly owned subsidiary of the Company, entered into a subscription agreement in relation to the subscription of 905,951,470 new convertible preference shares ("CPS") to be issued and allotted by Beijing Capital Juda Limited at the issue price of HK\$2.78 per CPS. Beijing Capital Juda Limited is an investment holding company which shares are listed on the Main Board of the Stock Exchange (Stock Code: 1329) and, together with its subsidiaries, it is principally engaged in commercial property development, with focus on the development of outlets-backed commercial integrated projects in selected cities in the PRC. On the same date, the Company and Renowned Brand Outlet Store Enterprise Limited ("Renowned Brand"), a wholly-owned subsidiary of the Company, entered into the acquisition agreements with subsidiaries of Beijing Capital Juda

Limited in relation to the disposal of the equity interests in Beijing Chuangxin Jianye Real Estate Investment Ltd.* (北京創新建業地產投資有限公司) and Zhejiang Outlets Property Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司) by the Company and Renowned Brand for a total consideration of RMB2,372,327,068, which would be satisfied by cash payment by the purchasers. All proceeds arising from the issue of the CPS pursuant to the subscription agreement will be used by Beijing Capital Juda Limited for the purpose of funding and partial settlement of the consideration payable pursuant to the acquisition agreements. Please refer to the Company's announcement dated 8 June 2016 for details.

Save as disclosed above and the Capital Injection, 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 standardisation 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 Capital Injection, which took place on 15 July 2016, the JV Company and Shanghai Xuanxi are indirect non-wholly-owned subsidiaries of the Company and their accounts will be consolidated into the accounts of the Company.

As at the Latest Practicable Date, save and except for (i) potential sale(s) or acquisition(s) in relation to the Hainan Integrated Outlets Project; (ii) transactions already disclosed in announcements and circulars of the Company prior to the Latest Practicable Date (including, among others, the Capital Injection); and (iii) the acquisitions, disposals and investments in joint ventures by the Group in its ordinary course of business which has not materialised 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.

A. ACCOUNTANT'S REPORT OF THE JV GROUP

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers Zhong Tian LLP, for the purpose of incorporation in this circular.



普华永道

16 August 2016

The Directors
Beijing Capital Land Ltd.

Dear Sirs,

We report on the financial information of Shanghai Yujing Real Estate Co., Ltd. (the “Target Company Shanghai Yujing”) and its subsidiaries (together, the “Target Group Shanghai Yujing”), which comprises the consolidated balance sheets as at 30 June 2016 and 31 December 2015, and the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements for the six months ended 30 June 2016 and the period from 21 December 2015 (date of establishment) to 31 December 2015 (the “Relevant Periods”) and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Beijing Capital Land Ltd. (the “Company”) and is set out in Sections I to III below for inclusion in Appendix II to the circular of the Company dated 16 August 2016 (the “Circular”) in connection with the proposed capital injection into the Target Company Shanghai Yujing by the Company.

The Target Company Shanghai Yujing was incorporated in the People's Republic of China (the “PRC”) on 21 December 2015 as a limited liability company under the Company Law of the PRC.

As at the date of this report, the Target Company Shanghai Yujing has direct and indirect interests in the subsidiaries as set out in Note 4 of Section I below.

The financial statements of the Target Group Shanghai Yujing for six months ended 30 June 2016 and the period from 21 December 2015 (the date of establishment) to 31 December 2015 were audited by 北京中税網會計師事務所(普通合夥) (Beijing TaxChina Certified Public Accountants (Partnership)).

普华永道中天会计师事务所(特殊普通合伙)
PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center
2 Corpore Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
T: +86 (21) 2323 8888, F: +86 (21) 2323 8800, www.pwccn.com

The directors of the Target Company Shanghai Yujing are responsible for the preparation and fair presentation of the financial statements of the Target Group Shanghai Yujing for the Relevant Periods in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China ("CAS") issued by the China Ministry of Finance (the "Underlying Financial Statements"), and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with CAS and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the annual report of the Company for the year ended 31 December 2015.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Group Shanghai Yujing as at 30 June 2016 and 31 December 2015 and of the Target Group Shanghai Yujing's results and cash flows for the Relevant Periods.

I. FINANCIAL STATEMENTS OF THE TARGET GROUP SHANGHAI YUJING

The following is the consolidated financial information of Target Group Shanghai Yujing prepared by the directors of the Company as at six months ended 30 June 2016 and the period from 21 December 2015 (the date of establishment) to 31 December 2015 (the “Financial Information”).

1. Consolidated Balance Sheets

| | <i>Note</i> | As at 30 June 2016 RMB'000 | As at 31 December 2015 RMB'000 |
|---|-------------|---|---|
| Assets | | | |
| Current assets | | | |
| Cash at bank and on hand | 5(1) | 3 | — |
| Advances to suppliers | 5(2) | 5,450,000 | — |
| Total current assets | | 5,450,003 | — |
| Total non-current assets | | — | — |
| Total assets | | 5,450,003 | — |
| Liabilities and owners' equity | | | |
| Current liabilities | | | |
| Other payables | 5(3) | 3,450,003 | — |
| Total current liabilities | | 3,450,003 | — |
| Total non-current liabilities | | — | — |
| Total liabilities | | 3,450,003 | — |
| Owners' equity | | | |
| Paid-in Capital | 5(4) | 2,000,000 | — |
| Retained earnings | | — | — |
| Total owners' equity | | 2,000,000 | — |
| Total liabilities and owners' equity | | 5,450,003 | — |

2. Consolidated Income Statements

| | <i>Note</i> | Six months ended 30 June 2016 RMB'000 | Period from 21 December 2015 (date of establishment) to 31 December 2015 RMB'000 |
|--|-------------|--|--|
| Revenue | | — | — |
| <i>Less:</i> Cost of sales | | — | — |
| Taxes and surcharges | | — | — |
| Selling and distribution expenses | | — | — |
| General and administrative expenses | | — | — |
| Financial expenses — net | | — | — |
| Operating profit | | — | — |
| <i>Add:</i> Non-operating income | | — | — |
| <i>Less:</i> Non-operating expenses | | — | — |
| Total profit | | — | — |
| <i>Less:</i> Income tax expenses | | — | — |
| Net profit | | — | — |
| Other comprehensive income for the period, net of tax | | — | — |
| Total comprehensive income for the period | | — | — |

3. Consolidated Cash Flow Statements

| | | Six months ended 30 June 2016 <i>RMB'000</i> | Period from 21 December 2015 (date of establishment) to 31 December 2015 <i>RMB'000</i> |
|--|----------------|---|---|
| Cash flow from operating activities | | | |
| Cash received relating to other operating activities | | — | — |
| Sub-total of cash inflows | | — | — |
| Cash paid for goods and services | | (5,450,000) | — |
| Cash paid relating to other operating activities | | — | — |
| Sub-total of cash outflows | | (5,450,000) | — |
| Net cash flows from operating activities | <i>5(5)(a)</i> | (5,450,000) | — |
| Cash flows from investing activities | | | |
| Net cash flows from investing activities | | — | — |
| Cash flows from financing activities | | | |
| Cash received from capital contributions | | 2,000,000 | — |
| Cash received from related party | <i>6(2)(a)</i> | 5,005,473 | — |
| Sub-total of cash inflows | | 7,005,473 | — |
| Cash repayments of related party borrowings | <i>6(2)(b)</i> | (1,555,470) | — |
| Sub-total of cash outflows | | (1,555,470) | — |
| Net cash flows from financing activities | | 5,450,003 | — |
| Net increase/(decrease) in cash | <i>5(5)(b)</i> | 3 | — |
| <i>Add:</i> Cash at beginning of period | | — | — |
| Cash at end of period | <i>5(5)(c)</i> | 3 | — |

4. Consolidated Statements of Changes in Equity

| <i>Note</i> | Paid-in capital <i>RMB'000</i> | Capital surplus <i>RMB'000</i> | Surplus reserves <i>RMB'000</i> | Undistributed profits <i>RMB'000</i> | Total owners' equity <i>RMB'000</i> |
|---|--------------------------------------|--------------------------------------|---------------------------------------|--|--|
| Balance at 21 December 2015 (date of establishment) | — | — | — | — | — |
| Movement for period from 21 December 2015 to 31 December 2015 | | | | | |
| Net profit | — | — | — | — | — |
| Balance at 31 December 2015 | — | — | — | — | — |
| Balance at 1 January 2016 | — | — | — | — | — |
| Movement for six months ended 30 June 2016 | | | | | |
| Capital contribution by owners | 2,000,000 | — | — | — | 2,000,000 |
| Net profit | — | — | — | — | — |
| Balance at 30 June 2016 | 2,000,000 | — | — | — | 2,000,000 |

II. NOTES TO THE FINANCIAL STATEMENTS OF THE TARGET GROUP SHANGHAI YUJING

1 General information

Shanghai Yujing Real Estate Co., Ltd. (hereinafter “the Target Company Shanghai Yujing” and its subsidiaries hereinafter “the Target Group Shanghai Yujing”) is a limited liability company, established by Shanghai Poly Jianjin Real Estate Co., Ltd. (hereinafter “Poly Jianjin”) at 21 December 2015, with registered capital of RMB5,000,000.

In June 2016, in accordance with the agreement signed by Shanghai Capital Zhengheng Property Co., Ltd. (hereinafter “Capital Zhengheng”) and Poly Jianjin, Capital Zhengheng injected RMB10,200,000 and Poly Jianjin increased its investment to RMB9,800,000 respectively into the registered capital of the Target Company Shanghai Yujing. After the injection, the registered capital was increased from RMB5,000,000 to RMB20,000,000. Capital Zhengheng and Poly Jianjin hold 51% and 49% equity share of Target Company Shanghai Yujing respectively. The capital injection was verified by Shanghai Zhengyang Certified Public Accountants Co., Ltd., with a capital verification report Hu Zheng Yang Yan Zi [2016] No. 005 being issued.

In June 2016, Capital Zhengheng and Poly Jianjin came into an agreement to inject additional RMB1,009,800,000 and RMB970,200,000 to the Target Company Shanghai Yujing. After the injection, the registered capital was increased from RMB20,000,000 to RMB2,000,000,000. Capital Zhengheng and Poly Jianjin hold 51% and 49% equity share of Target Company Shanghai Yujing respectively. The capital injection was verified by Shanghai Zhengyang Certified Public Accountants Co., Ltd., with a capital verification report Hu Zheng Yang Yan Zi [2016] No. 006 being issued.

As at 30 June 2016, the paid-in capital of the Target Company Shanghai Yujing is RMB2,000,000,000.

The registered address of the Target Company Shanghai Yujing is F2, Lane 1188 No. 6, Guangfulin Road, Songjiang District, Shanghai.

The approved scope of business mainly includes development and management of properties and industrial investment advisory.

The ultimate holding company of the Target Group Shanghai Yujing is Beijing Capital Group Co., Ltd. (hereinafter “Capital Group”).

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CAS”).

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Target Group Shanghai Yujing for the period from 21 December 2015 (the date of establishment) to 31 December 2015 and six months ended 30 June 2016 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Target Group Shanghai Yujing as at 31 December 2015 and 30 June 2016 and of their financial performance, cash flows and other information for the period from 21 December 2015 (the date of establishment) to 31 December 2015 and six months ended 30 June 2016.

(3) *Accounting year*

The accounting year starts on 1 January and ends on 31 December.

(4) *Functional currency*

The functional currency is Renminbi (RMB).

(5) *Cash*

Cash comprises cash on hand and deposits that can be readily drawn on demand.

(6) *Financial instruments*

(a) *Financial assets*

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Target Group Shanghai Yujing intention and ability to hold the financial assets. The financial assets of the Target Group Shanghai Yujing are receivables. The Target Group Shanghai Yujing has no financial asset during the period from 21 December 2015 (the date of establishment) to 31 December 2015 and six months ended 30 June 2016.

(b) *Financial liabilities*

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Target Group Shanghai Yujing financial liabilities are mainly other financial liabilities including payables and borrowings.

Payables include accounts payable and other payables, which are initially recognized at fair value and recorded at amortized cost using effective interest rate in subsequent measurement.

Borrowings are initially recognized at fair value, net of transaction expenses and recorded at amortised cost using effective interest rate in subsequent measurement.

Other financial liabilities with repayment period within 1 year (including 1 year) or in an ordinary operation cycle are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year from balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognized part of the financial liability and the consideration paid is recognized in profit or loss.

(7) *Long-term equity investments*

Long-term equity investments are the Target Company Shanghai Yujing's long-term equity investments in its subsidiaries.

Subsidiaries are the investees over which the Target Company Shanghai Yujing is able to exercise control. Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements.

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

(8) Profits Distribution

Profits distribution is recognized as liability in the current period in which it is approved by the Shareholders.

(9) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Target Group Shanghai Yujing and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Target Group Shanghai Yujing obtains control and are de-consolidated from the date that such control ceases.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Target Group Shanghai Yujing and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Target Group Shanghai Yujing.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements.

A transaction will be adjusted from the perspective of the Target Group Shanghai Yujing in condition that assertions are different when accounting entities are the Target Group Shanghai Yujing and the Target Company Shanghai Yujing or its subsidiaries.

During the period of the accountant's report, all subsidiaries were funded, set up and held by the Target Company Shanghai Yujing.

(10) Critical accounting estimates and judgments

The Target Group Shanghai Yujing continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Property development cost

Critical estimates and judgments on budget cost and development progress are required in determining property development cost. The budget cost and development progress of the project is reviewed by the Target Group Shanghai Yujing on a regular basis and adjusted as appropriate. When the actual cost differs from the budget cost, such difference will impact the relevant property development cost.

3 Taxation

The types and rates of taxes applicable to the Group are set out below:

| Type | Tax rate | Taxable base |
|-----------------------|----------|--|
| Enterprise income tax | 25% | Taxable income |
| Value-Added Tax | 11% | Taxable value added amount (the total consideration received, including additional fees and charges) |

According to the Circular regarding the Comprehensive Roll-out of the Pilot Program for the Transformation from Business Tax to Value-Added Tax (〈關於全面推開營業稅改增值稅試點的通知〉) (CaiShui [2016] No. 36) issued jointly by the Ministry of Finance and the State Administration of Taxation, the countrywide pilot program of replacing business tax with value-added tax was carried out since 1 May 2016, and tax payers in the construction, real estate, finance and consumer services industries are involved in the pilot. Pursuant to the Notice, as the Target Group Shanghai Yujing is mainly engaged in the provision of property rental services and the applicable VAT rate would be 11%.

4 Business Combination and Consolidated Financial Statements*Particulars of subsidiaries*

| Name | Place of registration | Place of main operation | Principal activities | Registered capital | Attributable Interest held | Attributable vote held |
|---|--------------------------|-------------------------|--|--------------------|----------------------------|------------------------|
| Shanghai Xuanxi Real Estate Co., Ltd. (hereinafter "Shanghai Xuanxi") | Shanghai Free Trade Zone | Shanghai | Development and Management of properties | RMB 2 Billion | 100 | 100 |

5 Notes to the financial statements*(1) Cash at bank and on hand*

| | As at 30 June 2016 RMB'000 | As at 31 December 2015 RMB'000 |
|---------------|-------------------------------------|---|
| Bank deposits | <u>3</u> | <u>—</u> |

As at 31 December 2015 and 30 June 2016, there were no restricted bank deposits.

(2) Advances to suppliers

(a) The advances to suppliers are analyzed as follows:

| | As at 30 June 2016 RMB'000 | As at 31 December 2015 RMB'000 |
|--------------------------------|-------------------------------------|---|
| Prepaid land-transferring fees | <u>5,450,000</u> | <u>—</u> |

As at 30 June 2016, advances to suppliers are prepaid land-transferring fees amounted to RMB5,450,000,000. In May 2016, Shanghai Xuanxi entered into Contract for State-Owned Land Use Right Assignment with Shanghai Pudong Planning and Land Authority. As at 30 June 2016, Shanghai Xuanxi has paid full consideration of the land use right, while the delivery has not been completed and the certificate hasn't been obtained.

(b) At 30 June 2016 and 31 December 2015, the Target Group Shanghai Yujing has no advances to suppliers over 1 year.

(c) At 30 June 2016, the total amount of top five advances to suppliers are as follows:

| | Amount <i>RMB'000</i> | % of total balance |
|--|---------------------------------|-------------------------------|
| Total amount of top five advances to suppliers | <u>5,450,000</u> | <u>100%</u> |

(3) *Other payables*

| | As at 30 June 2016 <i>RMB'000</i> | As at 31 December 2015 <i>RMB'000</i> |
|---|---|---|
| Payables to related parties (<i>note 6(3)(a)</i>) | <u>3,450,003</u> | <u>—</u> |

As at 30 June 2016, payables to the related parties of the Target Group Shanghai Yujing comprise the principal of RMB1,759,500,000 to Capital Zhengheng with interest rate is calculated at the benchmark 1–5 years lending announced by People's Bank of China plus a premium of 10% based on such interest rate, and principal of RMB1,690,500,000 to Poly Jianjin with interest rate is calculated at the benchmark 1 year lending announced by People's Bank of China plus a premium of 10% based on such interest rate, respectively. The above loans are unsecured and have no fixed payment dates.

(4) *Paid-in capital*

| | As at 31 December 2015 <i>RMB'000</i> | Increase <i>RMB'000</i> | Decrease <i>RMB'000</i> | As at 30 June 2016 <i>RMB'000</i> |
|-------------------|---|-----------------------------------|-----------------------------------|---|
| Capital Zhengheng | — | 1,020,000 | — | 1,020,000 |
| Poly Jianjin | <u>—</u> | <u>980,000</u> | <u>—</u> | <u>980,000</u> |
| Total | <u>—</u> | <u>2,000,000</u> | <u>—</u> | <u>2,000,000</u> |

| | As at 21 December 2015 (date of establishment) <i>RMB'000</i> | Increase <i>RMB'000</i> | Decrease <i>RMB'000</i> | As at 31 December 2015 <i>RMB'000</i> |
|--------------|---|-----------------------------------|-----------------------------------|---|
| Poly Jianjin | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |

As at 30 June 2016, save for the change in business registration, the capital contribution to Target Group Shanghai Yujing by Capital Zhengheng and verification of the relevant capital had already taken place and therefore the capital contribution by Capital Zhengheng has been recognized in the paid-in capital of the Target Group Shanghai Yujing as at 30 June 2016. Nevertheless, Completion took place on 15 July 2016 upon the change in business registration having been obtained, which did not constitute a material impediment to the Completion.

(5) *Notes to cash flow statement*(a) *Reconciliation from net loss to cash flows from operating activities*

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|--|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net loss | — | — |
| Add: Prepaid land-transferring fees (note 5(2)) | (5,450,000) | — |
| Net cash flows from operating activities | <u>(5,450,000)</u> | <u>—</u> |
| (b) <i>Net increase in cash</i> | | |

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|---------------------------------------|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash at end of the period | 3 | — |
| Less: cash at beginning of the period | — | — |
| Net increase in cash | <u>3</u> | <u>—</u> |
| (c) <i>Cash</i> | | |

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|--------------------------------------|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash at bank and on hand (note 5(1)) | 3 | — |
| Less: restricted cash at bank | — | — |
| Cash at end of the period | <u>3</u> | <u>—</u> |

6 Related parties and related party transactions

(1) The parent company

(a) General information of the parent company

During the Relevant Periods, the Target Company Shanghai Yujing's parent company is Poly Jianjin and then Capital Zhengheng, the registered place and business nature are listed below:

| | Place of registration | Nature of business |
|-------------------|-----------------------|--|
| Poly Jianjin | Shanghai | Development and Management of properties, Construction |
| Capital Zhengheng | Shanghai | Development and Management of properties, Advisory |

The Target Group Shanghai Yujing's ultimate holding company are Poly Real Estate Group Ltd. and then Capital Group.

(b) Registered capital and changes in registered capital of the parent company

| | As at 1 January 2016 RMB'000 | Increase RMB'000 | Decrease RMB'000 | As at 30 June 2016 RMB'000 |
|-------------------|---------------------------------------|---------------------|---------------------|-------------------------------------|
| Poly Jianjin | 50,000 | — | — | 50,000 |
| Capital Zhengheng | 10,000 | — | — | 10,000 |

| | As at 21 December 2015 RMB'000 | Increase RMB'000 | Decrease RMB'000 | As at 31 December 2015 RMB'000 |
|--------------|---|---------------------|---------------------|---|
| Poly Jianjin | 50,000 | — | — | 50,000 |

(c) The proportions of equity interest and voting rights in Target Company Shanghai Yujing held by the parent company

| | As at 30 June 2016 | | As at 31 December 2015 | |
|-------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Equity interest % | Voting rights % | Equity interest % | Voting rights % |
| Poly Jianjin | 49 | 49 | 100 | 100 |
| Capital Zhengheng | 51 | 51 | — | — |

(2) *Related party transactions*

The Board of the Target Group considers all transactions with related parties are on normal commercial terms, price of related party transaction is agreed by the Target Group and its related parties.

(a) *Receive funding*

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|-------------------|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Capital Zhengheng | 1,759,500 | — |
| Poly Jianjin | <u>3,245,973</u> | <u>—</u> |
| Total | <u><u>5,005,473</u></u> | <u><u>—</u></u> |

(b) *Repay funding*

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|--------------|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Poly Jianjin | <u>1,555,470</u> | <u>—</u> |

(3) *Related party balance*(a) *Other payables (note 5(3))*

| | Six months ended 30 June 2016 | Period from 21 December 2015 (date of establishment) to 31 December 2015 |
|-------------------|--|---|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Capital Zhengheng | 1,759,500 | — |
| Poly Jianjin | <u>1,690,503</u> | <u>—</u> |
| Total | <u><u>3,450,003</u></u> | <u><u>—</u></u> |

As at 30 June 2016, payables to the related parties of the Target Group Shanghai Yujing comprise the principal of RMB1,759,500,000 to Capital Zhengheng with interest rate is calculated at the benchmark 1–5 years lending announced by People's Bank of China plus a premium of 10% based on such interest rate, and principal of RMB1,690,500,000 to Poly Jianjin with interest rate is calculated at the benchmark 1 year lending announced by People's Bank of China plus a premium of 10% based on such interest rate, respectively. The above loans are unsecured and have no fixed payment dates.

7 Financial instruments and risk

The Target Group Shanghai Yujing's activities expose it to financial risk, mainly liquidity risk. The Target Group Shanghai Yujing is responsible for the cash flow forecasting.

The financial assets and liabilities of the Target Group Shanghai Yujing at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

| | As at 30 June 2016 | | | | total RMB'000 |
|--|---|----------------------------|----------------------------|----------------------------|------------------|
| | Within 1 year RMB'000 | 1 to 2 years RMB'000 | 2 to 5 years RMB'000 | Over 5 years RMB'000 | |
| | Financial liabilities— Other payable | 3,450,003 | — | — | |

| | As at 31 December 2015 | | | | total RMB'000 |
|--|---|----------------------------|----------------------------|----------------------------|------------------|
| | Within 1 year RMB'000 | 1 to 2 years RMB'000 | 2 to 5 years RMB'000 | Over 5 years RMB'000 | |
| | Financial liabilities— Other payable | — | — | — | |

8 Net current assets

| | As at 30 June 2016 RMB'000 | As at 31 December 2015 RMB'000 |
|---------------------------|-------------------------------------|---|
| Current assets | 5,450,003 | — |
| Less: current liabilities | (3,450,003) | — |
| Net current assets | <u>2,000,000</u> | <u>—</u> |

9 Total assets less current liabilities

| | As at 30 June 2016 RMB'000 | As at 31 December 2015 RMB'000 |
|---------------------------------------|-------------------------------------|---|
| Total assets | 5,450,003 | — |
| Less: current liabilities | (3,450,003) | — |
| Total assets less current liabilities | <u>2,000,000</u> | <u>—</u> |

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group Shanghai Yujing in respect of any period subsequent to 30 June 2016 up to the date of this report. No dividend or distribution has been declared or made by the Target Group Shanghai Yujing in respect of any period subsequent to 30 June 2016.

Yours faithfully,

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

B. MANAGEMENT DISCUSSION AND ANALYSIS ON THE JV GROUP

The following management discussion and analysis is based on the consolidated financial information of the JV Group for the period ended 31 December 2015 since the establishment of the JV Company on 21 December 2015 and the six months ended 30 June 2016 included in the accountants' report of the JV Group as set out in the section headed "A. Accountants' Report of the JV Group" to this appendix.

Business review

The JV Company was established on 21 December 2015 for the purpose of the acquisition and development of the Site, and is principally engaged in property development and operation. Shanghai Xuanxi was established on 7 January 2016 for the purpose of the acquisition and development of the Site, and is principally engaged in property development and operation of the Site. The Site was acquired by Shanghai Xuanxi by way of land use right bidding held on 18 May 2016 through Shanghai Municipal Bureau of Planning and Land Resources. Reference to the JV Company in this section shall mean the JV Company and its subsidiary, namely Shanghai Xuanxi.

As at the Latest Practicable Date and to the best knowledge of the Company, (a) the JV Company (including Shanghai Xuanxi, the JV Company's wholly-owned subsidiary) had no material operations since their recent establishment, save and except for the acquisition of the Site.

Financial review*(a) Financial performance*

For the period ended 31 December 2015 since the establishment of the JV Company and the six months ended 30 June 2016, the JV Group did not record any revenue or profits.

(b) Liquidity and financial resources

As at 31 December 2015 and 30 June 2016, the JV Group had net current assets of nil and approximately RMB2,000,000,000, respectively.

The JV Group did not record any cash flows for the period ended 31 December 2015 since the establishment of the JV Company. For the six months ended 30 June 2016, the JV Group recorded a net cash inflow of approximately RMB3,000, contributed by the cash inflows from capital contributions and amounts received from related party, which effect was reduced by cash outflows from operating activities and repayments of related party borrowings.

The other payables of the JV Group as at 31 December 2015 and 30 June 2016 was nil and approximately RMB3,450,003,000, respectively. The other payables as at 30 June 2016 mainly comprises of the shareholders' loans with principal amounts of RMB1,759,500,000 and RMB1,690,500,000 from Capital Zhengheng and Poly Jianjin, respectively. The interest rate of the loans from Capital Zhengheng is calculated at the benchmark 1–5 years lending rate announced by the People's Bank of China plus a premium of 10% based on such interest rate and the interest rate of the loans from Poly Jianjin is calculated at the benchmark 1 year lending rate as announced by the People's Bank of China plus a premium of 10% based on such interest rate. The above loans are unsecured and have no fixed repayment dates.

The total equity of the JV Group as at 31 December 2015 and 30 June 2016 was nil and RMB2,000,000,000, respectively.

(c) Gearing ratio

The net gearing ratio of the JV Company, which is equal to total liabilities over total assets as at 31 December 2015 and 30 June 2016 was nil and approximately 63.3%, respectively.

(d) Contingent liabilities

Save as disclosed above, the JV Group did not have any other contingent liabilities as at 31 December 2015 and 30 June 2016.

(e) Financial risk management

For the period ended 31 December 2015 since the establishment of the JV Company and the six months ended 30 June 2016, the JV Group was mainly exposed to liquidity risks arising in the normal course of business. For details of the exposure to such risks and the relevant risk management policies and practices adopted by the JV Group, please refer to note 7 of the Accountants' Report on the JV Group as set out in this appendix.

As the operations of the JV Company were principally based in PRC for the period ended 31 December 2015 since the establishment of the JV Company and the six months ended 30 June 2016, the principal assets and liabilities of the JV Group were denominated in Renminbi and therefore the JV Group considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

(f) Significant investments

As at 31 December 2015, the JV Company did not have any material investments. As at 30 June 2016, the main investment of the JV Company was Shanghai Xuanxi after its establishment on 7 January 2016. The details of the JV Company's investments in subsidiaries as at 31 December 2015 and 30 June 2016 are set out in note 4 of the Accountants' Report of the JV Group in this appendix.

(g) Employee and remuneration policies

For the period ended 31 December 2015 since the establishment of the JV Company and the six months ended 30 June 2016, the JV Company did not have any employees. Nevertheless, the JV Company intends to adopt a remuneration policy with equal emphasis on the market competitiveness of the remuneration and fairness among the employees, and includes medical benefits and statutory contributions.

The following information does not form part of the Accountant's Report of the JV Group from PricewaterhouseCoopers Zhong Tian LLP, the Company's reporting accountants, as referred to in Appendix II to this circular, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the financial information of the Group and the Accountant's Report of the JV Group.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effects on the assets and liabilities of the Enlarged Group as if the Capital Injection contemplated under the Agreements (the "Proposed Transaction") and the major acquisitions of 60% equity interest in Beijing Liujin Zhiye Land Limited (北京鑾金置業有限責任公司) and 100% equity interests in Beijing Donghuan Xinrong Investment Management Limited (北京東環鑫融投資管理有限公 司), Chongqing Runzhi Construction Development Limited (重慶潤智建設開發有限公司) and Shenyang Haohua Land Limited (瀋陽昊華置業有限公司) which particulars are set out in the Circular of the Company dated 29 June 2016 (the "Acquisitions") had taken place as at 31 December 2015.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Capital Injection and the Acquisitions been completed as at 31 December 2015, or any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this circular and the previously published circular dated 29 June 2016.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 December 2015.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the
Enlarged Group

| | Unaudited pro forma statement of assets and liabilities of the Group as at 31 December 2015 <i>RMB'000</i> <i>(Note 1)</i> | Pro forma adjustments | | Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2015 <i>RMB'000</i> |
|--|--|---|--|---|
| | | Audited statement of assets and liabilities of Target Group Shanghai Yujing as at 30 June 2016 <i>RMB'000</i> <i>(Note 2)</i> | Other Adjustment <i>RMB'000</i> <i>(Note 3&4)</i> | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash at bank and on hand | 15,901,949 | 3 | (2,779,500) | 13,122,452 |
| Financial assets at fair value through profit or loss | 228,266 | — | — | 228,266 |
| Notes receivable | 1,811 | — | — | 1,811 |
| Trade receivables | 676,898 | — | — | 676,898 |
| Advances to suppliers | 585,839 | 5,450,000 | — | 6,035,839 |
| Interest receivable | 19,980 | — | — | 19,980 |
| Dividends receivable | 21,825 | — | — | 21,825 |
| Other receivables | 2,562,941 | — | — | 2,562,941 |
| Inventories | 58,683,465 | — | — | 58,683,465 |
| Current portion of non- current assets | 593,030 | — | — | 593,030 |
| Assets of disposal group classified as held for sale | 9,921 | — | — | 9,921 |
| Other current assets | 2,184,433 | — | — | 2,184,433 |
| Total current assets | 81,470,358 | 5,450,003 | (2,779,500) | 84,140,861 |
| Non-current assets | | | | |
| Available-for-sale financial assets | 86,444 | — | — | 86,444 |
| Long-term receivables | 4,663,667 | — | — | 4,663,667 |
| Long-term equity investments | 4,820,853 | — | — | 4,820,853 |
| Investment properties | 11,945,033 | — | — | 11,945,033 |
| Fixed assets | 139,114 | — | — | 139,114 |
| Intangible assets | 350 | — | — | 350 |
| Goodwill | 172,137 | — | — | 172,137 |
| Long-term prepaid expenses | 104,580 | — | — | 104,580 |
| Deferred income tax assets | 469,401 | — | — | 469,401 |
| Total non-current assets | 22,401,579 | — | — | 22,401,579 |
| Total assets | 103,871,937 | 5,450,003 | (2,779,500) | 106,542,440 |

| | Pro forma adjustments | | | |
|--|--|---|--|--------------------------|
| | Unaudited pro forma statement of assets and liabilities of the Group as at 31 December 2015 <i>RMB'000</i> <i>(Note 1)</i> | Audited statement of assets and liabilities of Target Group Shanghai Yujing as at 30 June 2016 <i>RMB'000</i> <i>(Note 2)</i> | Other Adjustment <i>RMB'000</i> <i>(Note 3&4)</i> | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Short-term borrowings | 3,005,029 | — | — | 3,005,029 |
| Notes payable | 39,476 | — | — | 39,476 |
| Trade payables | 6,269,997 | — | — | 6,269,997 |
| Advances from customers | 12,705,669 | — | — | 12,705,669 |
| Employee benefits payable | 205,338 | — | — | 205,338 |
| Taxes payable | 2,253,503 | — | — | 2,253,503 |
| Interests payable | 333,418 | — | — | 333,418 |
| Dividends payable | 197,803 | — | — | 197,803 |
| Other payables | 2,716,487 | 3,450,003 | (1,759,500) | 4,406,990 |
| Current portion of non-current liabilities | <u>6,762,707</u> | <u>—</u> | <u>—</u> | <u>6,762,707</u> |
| Total current liabilities | <u>34,489,427</u> | <u>3,450,003</u> | <u>(1,759,500)</u> | <u>36,179,930</u> |
| Non-current liabilities | | | | |
| Long-term borrowings | 26,504,682 | — | — | 26,504,682 |
| Debentures payable | 12,481,249 | — | — | 12,481,249 |
| Long-term payables | 5,508,075 | — | — | 5,508,075 |
| Deferred income tax liabilities | 1,655,234 | — | — | 1,655,234 |
| Derivative financial liabilities | <u>55,601</u> | <u>—</u> | <u>—</u> | <u>55,601</u> |
| Total non-current liabilities | <u>46,204,841</u> | <u>—</u> | <u>—</u> | <u>46,204,841</u> |
| Total liabilities | <u>80,694,268</u> | <u>3,450,003</u> | <u>(1,759,500)</u> | <u>82,384,771</u> |
| NET ASSETS | <u>23,177,669</u> | <u>2,000,000</u> | <u>(1,020,000)</u> | <u>24,157,669</u> |

B. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The unaudited pro forma statement of assets and liabilities of the Group as at 31 December 2015 are extracted from the Appendix IV of the previously published circular of the Company dated 29 June 2016, in connection with the proposed acquisitions to acquire 60% equity interest in Beijing Liuji Zhiye Land Limited (北京鑾金置業有限責任公司) and 100% equity interests in Beijing Donghuan Xinrong Investment Management Limited (北京東環鑫融投資管理有限公司), Chongqing Runzhi Construction Development Limited (重慶潤智建設開發有限公司) and Shenyang Haohua Land Limited (瀋陽昊華置業有限公司).
2. The audited statement of financial position of Target Group Shanghai Yujing as at 30 June 2016 are extracted from the Accountant's Report as set out in Appendix II in this Circular.
3. As the Target Group had no material operation since their recent establishment except for the acquisition of the site, the Capital Injection is not considered as business combination but accounted as an asset acquisition by the Group. The Target Company become a subsidiary of the Group upon completion of the Capital Injection.
 - 3.1 Pursuant to the Agreements, the consideration for 51% equity share of the Target Company is RMB1,020,000,000, the Group should further provide a shareholders' loan amounting to RMB1,759,500,000 to Target Company, details of which is set out as follows:

| | Original carrying amount of the Target Group as at the acquisition date (RMB'000) |
|---|--|
| Cash at bank and on hand | 3 |
| Advances to suppliers | 5,450,000 |
| Other payables | <u>(3,450,003)</u> |
| As of 30 June 2016 net asset of the Target Group | 2,000,000 |
| Less: Non-controlling interests (49%) | (980,000) |
| Net assets attributable to the 51% equity interest of Target Group | <u>1,020,000</u> |
| Less: the consideration for 51% equity interest of the Target Group | (1,020,000) |
| The difference between the carrying amount of 51% net assets of the Target Group and acquisition cost | <u><u>—</u></u> |

The fair value of assets and liabilities of the Target Group is approximate to the carrying amount at 30 June 2016.

The 49% of the Target Group's net assets, amounting to RMB980,000,000 will be recognised as non-controlling interests upon completion.

- 3.2 Upon the completion of the capital injection, Target Group will become the subsidiaries of the Group, and the shareholders' loan amounting to RMB1,759,500,000 will be treated as inter-group balances and eliminated.
4. No other adjustments have been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2015 and the Target Group subsequent to 30 June 2016.

The following is the text of a report received from PricewaterhouseCoopers Zhong Tian LLP, for the purpose of incorporation in this circular.



普华永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Beijing Capital Land Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Capital Land Ltd. (the "Company") and its subsidiaries (collectively the "Group"), and Shanghai Yujing Real Estate Co., Ltd. ("Target Company Shanghai Yujing") and its subsidiary ("Target Group Shanghai Yujing") (collectively the "Enlarged Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2015 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-4 of the Company's circular dated 16 August 2016, in connection with the proposed capital injection into the Target Company and provision of shareholders' loan to the Target Company (the "Transaction") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-4.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2015 as if the Transaction had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the unaudited pro forma statement of assets and liabilities of the Group as at 31 December 2015 extracted from the Appendix IV of the previously published circular of the Company dated 29 June 2016, in connection with the proposed acquisitions to acquire 60% equity interest in Beijing Liujin Zhiye Land Limited (北京鑾金置業有限責任公司) and 100% equity interests in Beijing Donghuan Xinrong Investment Management Limited (北京東環鑫融投資管理有限公司), Chongqing Runzhi Construction Development Limited (重慶潤智建設開發有限公司) and Shenyang Haohua Land Limited (瀋陽昊華置業有限公司) by the Company.

普华永道中天会计师事务所(特殊普通合伙)
PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center
2 Corpore Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
T: +86 (21) 2323 8888, F: +86 (21) 2323 8800, www.pwccn.com

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

16 August 2016

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Cushman & Wakefield limited, an independent property valuer, in connection with its opinion of the value of the property interest of the JV Group in the PRC as at 30 June 2016.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

16 August 2016

The Directors
Beijing Capital Land Ltd.
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 property held by certain company (the “Target Company”) which Beijing Capital Land Ltd. (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 certificate), we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of such property as at 30 June 2016 (the “Valuation Date”).

Basis of Valuation

Our valuation of the property 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 property, 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 the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical 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 property, we have relied on the information and advice given by the Company or the Company's legal adviser, JunZeJun Law Offices (君澤君律師事務所) regarding the titles to the property and the interests of the Target Company in the property in the PRC.

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

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

Method of Valuation

In valuing the property, which is property held by the Target Company for future development in the PRC, we have mainly used the Direct Comparison Method assuming sale of the property in its existing state by making reference to comparable land sales transactions as available in the relevant market.

Source of Information

We have been provided by the Company with extracts of documents in relation to the titles to the property 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 property, we have relied on the information and advice given by the Company or the Company's legal adviser, JunZeJun Law Offices (君澤君律師事務所) regarding the title to the property and the interests of the Target Company in the property in the PRC. 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, development schemes, development time schedule, construction costs, site and floor areas, interest attributable to the Target Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate 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 valuation. 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 property 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 property in the PRC, but no searches have been made in respect of the property. 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 property in the PRC and we have therefore relied on the advice given by the Company or the Company's legal adviser, JunZeJun Law Offices (君澤君律師事務所), regarding the interests of the Target Company in the property in the PRC.

Site Inspection

We inspected the exterior and, wherever possible, the interior of the property in July 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 valuation is 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 property is 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 property 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 valuation are in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith our valuation certificate 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.

VALUATION CERTIFICATE

Property held by the Target Company for future development in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 30 June 2016 |
|--|---|--|---|
| The development site for the proposed development in Zhoupu West Community, east of Linghai Avenue and north of Nianjiabin Road, Pudong New District, Shanghai, the PRC (中華人民共和國上海浦東新區林海公路東側，年家浜路北側周浦西社區待建項目) | <p>The property comprises one parcel of land with a total site area of 69,443.10 sq m.</p> <p>The property is situated in Pudong New District. It is located to the east of Linghai Avenue and the north of Nianjiabin Road. Developments in the vicinity comprise mainly residential buildings such as Shimao Yun Tu etc. The property is currently accessible by taxi and served by private cars.</p> <p>The total permissible gross floor area of the property is 124,979.58 sq m.</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 17 May 2086 for residential use.</p> | The property is a vacant land pending development. | No commercial value (51% interest attributable to the Target Company: No commercial value) (See Note 1) |

Notes:

- (1) The site has not yet been issued with State-owned Land Use Rights Certificates as the deed tax amounting to RMB163,500,000 as advised by the Company has not been paid despite land premium has been settled. Therefore we have not assigned commercial value to the property. However, on the assumption that all valid title certificates had been issued to the property, all land premium and related fees for the grant of the title certificates had been fully settled, the market value of the property in existing state as at 30 June 2016 would be RMB5,452,000,000 (51% interest attributable to the Target Company: RMB2,780,520,000).

As advised by the Company, the deed tax is expected to be paid in the last quarter of 2016. As advised by the Company's PRC legal adviser, after the deed tax is paid, there is no observable legal impediment for obtaining the State-owned Land Use Rights Certificates and therefore, they are expected to be obtained in the last quarter of 2016.

- (2) According to Grant Contract of State-owned Land Use Rights No. 2016-6 dated 15 May 2016, the land use rights of the property comprising a total site area of 69,443.10 sq m have been contracted to be granted to Shanghai Xuanxi Real Estate Development Co, Ltd. (上海喧熹房地產開發有限公司) for a term of 70 years due to expire on 17 May 2086 for residential use. The salient conditions are set out as follows:

| | | |
|------------------------------|---|--|
| Location | : | Plot P1, No. 3 Jiefang, No. 15503 Jiedao, west of Duqiao Road, east of Linghai Avenue, north of Nianjiabin Road and Baiqu Harbour Green Belt |
| Land Use | : | Residential |
| Site Area | : | 69,443.10 sq m |
| Land Use Term | : | 70 years for residential use |
| Plot Ratio | : | 1.8 |
| Permissible Gross Floor Area | : | 124,979.58 sq m |
| Land Premium | : | RMB5,450,000,000 |
| Building Covenant | : | To commence construction in 12 months after handover To complete construction in 36 months after handover |

Upon completion of the construction of the property, no less than 6,248.98 sq m should be reverted to the government for indemnificatory housing use at no compensation.

Upon completion of the construction of the property, the overall ancillary facilities of the property for retail use and no less than 18,746.94 sq m of residential for rental use should be held by Shanghai Xuanxi Real Estate Development Co, Ltd. (上海暄熹房地產開發有限公司) throughout the whole land use term and are subject to restrictions on transfer and sales.

- (3) According to Business Licence No. 27000000201601070427 dated 7 January 2016, Shanghai Xuanxi Real Estate Development Co, Ltd. (上海暄熹房地產開發有限公司) was established as a one-person limited liability company with a registered capital of RMB5,000,000 for a valid operation period from 7 January 2016 to 6 January 2026.
- (4) 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:
- (a) The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws;
 - (b) Shanghai Xuanxi Real Estate Development Co, Ltd. (上海暄熹房地產開發有限公司) 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;
 - (c) The property is subject to certain restrictions set out in the Grant Contract of State-owned Land Use Rights, which are intended to require the project company to provide no less than 6,248.98 sq m to the government for indemnificatory housing use at no compensation, to hold the overall ancillary facilities of the property for retail use by itself and to hold no less than 18,746.94 sq m of residential for rental use by itself throughout the whole land use term;
 - (d) All land premium stated in the Grant Contract of State-owned Land Use Rights has been settled, yet the corresponding deed tax has not been paid; and
 - (e) Subject to the payment of the corresponding deed tax, there is no observable legal impediment for Shanghai Xuanxi Real Estate Development Co, Ltd. to obtain the State-owned Land Use Rights Certificates.
- (5) In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:

| | |
|---|-----|
| Grant Contract of State-owned Land Use Rights | Yes |
| Business Licence | Yes |

- (6) Eric Fan, Director of DTZ Shanghai Office, Registered China Real Estate Appraiser, inspected the property on 12 July 2016.

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 Enlarged Group which does not expire or is not terminable by such member of the Enlarged 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 Enlarged 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 Enlarged 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) | 3.73 (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 |
| 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.

3. 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.
4. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
5. 165,070,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
6. 165,070,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.
7. 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

The Enlarged Group is not 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 Enlarged Group.

5. MATERIAL CONTRACTS

The Enlarged 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 Juda International Holdings Limited, which is now known as Beijing Capital Juda Limited ("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* (北京鑾金置業有限責任公司);
- (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 dated 13 November 2014 and executed by each of the Company and BC Juda, pursuant to which the Company has provided non-competition undertakings in favour of BC Juda not to engage in property business in selected target cities in the PRC and in consideration, BC Juda has provided non-competition undertakings in favour of the Company not to engage in property business in cities other than such selected target cities, incidental to the sale of the entire equity interest of Xi'an Capital Xin Kai Real Estate Ltd. by Asian Expert Limited to Far Reaching Company Limited (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 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-years RMB bonds in a principal amount of RMB3,000,000,000 with a coupon rate of 4.58%;
- (l) 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;
- (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* (北京鑾金置業有限責任公司) in proportion to their percentage shareholding in Beijing Liujin Zhiye Land Limited Liability Company* (北京鑾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 the vendor and Speed Plus Investments Limited in relation to sale and purchase of 25 shares in 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 equity transfer agreement dated 8 June 2016 entered into among Shanghai Juque Investment Management Co., Ltd.* (上海鉅睿投資管理有限公司) and Shanghai Juxin Enterprise Management Consultation Co., Ltd.* (上海鉅歆企業管理諮詢有限公司) as purchasers and the Company as seller in relation to the transfer of the entire equity interest in Beijing Chuangxin Jianye Real Estate Investment Ltd.* (北京創新建業地產投資有限公司) at a consideration of RMB701,573,886;
- (cc) the equity transfer agreement dated 8 June 2016 entered into between Capital Juda Outlets Resources Limited as purchaser and Renowned Brand Outlet Store Enterprise Limited as seller in relation to the transfer of the entire issued share capital of Zhejiang Outlets Property Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司) at a consideration of RMB472,957,000;
- (dd) the shareholder loan transfer agreement dated 8 June 2016 entered into among Shanghai Juque Investment Management Co., Ltd.* (上海鉅睿投資管理有限公司) as purchaser, the Company as seller and Beijing Chuangxin Jianye Real Estate Investment Ltd.* (北京創新建業地產投資有限公司) in relation to the transfer of the shareholder loan at a consideration of RMB1,197,796,182;
- (ee) the subscription agreement dated 8 June 2016 entered into between BC Juda as issuer and BECL Investment Holding Limited as subscriber in relation to the subscription by BECL Investment Holding Limited of 905,951,470 new limited-voting non-

redeemable convertible preference shares to be allotted and issued by BC Juda at an issue price of HK\$2.78 per new limited-voting non-redeemable convertible preference share;

- (ff) the Agreements;
- (gg) the amended non-competition deed dated 28 June 2016 entered into between the Company and BC Juda, replacing the Non-Competition Deed; and
- (hh) 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 |
|--|---|
| PricewaterhouseCoopers Zhong Tian LLP | audit firm that is licensed to conduct securities and interests related business in China and approved by the relevant PRC authorities to act as an auditor or a reporting accountant for a PRC-incorporated company listed in Hong Kong. |
| DTZ Cushman & Wakefield Limited | independent property valuer |
| JunZeJun Law Offices | 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 Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. MATERIAL 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 of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (c) the annual reports of the Company for the financial years ended 31 December 2013, 2014 and 2015 respectively;
- (d) the accountant's report on the financial information of the JV Group from PricewaterhouseCoopers Zhong Tian LLP, the text of which is set out in Appendix II of this circular;
- (e) the report from PricewaterhouseCoopers Zhong Tian LLP on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (g) the valuation report prepared by DTZ Cushman & Wakefield Limited, the text of which is set out in Appendix IV to this circular;
- (h) the written consents referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;

- (i) the legal opinion given by JunZeJun Law Offices regarding the titles to the properties and the interests of the JV Group in the properties in the PRC as at 30 June 2016;
- (j) the circulars of the Company dated 29 June 2016 and 30 June 2016; and
- (k) 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 shall prevail over the Chinese text.