
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**POTENTIAL MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 50% EQUITY INTERESTS IN
TIANCHENG YONGYUAN THROUGH PUBLIC TENDER**

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.

A notice convening the EGM to be held on Tuesday, 5 November 2019 at 9:00 a.m. at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, the PRC, together with the reply slip and form of proxy are enclosed herein.

If you intend to attend the EGM, please complete and return the enclosed reply slip and form of proxy in accordance with the instructions printed thereon as soon as possible, and in any event no later than Monday, 28 October 2019 for the reply slip and no less than 24 hours before the time appointed for the meeting or any adjourned meetings thereof for the form of proxy.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meetings thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.

21 October 2019

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I. – Financial Information of the Group	I-1
Appendix II. – Property Valuation Report	II-1
Appendix III. – Summary of Valuation Report of Tiancheng Yongyuan	III-1
Appendix IV. – General Information	IV-1
Notice of Extraordinary General Meeting	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 10 September 2019 relating to the potential major and connected transaction
“Articles of Association”	the articles of association of the Company
“Asset Transaction Agreement”	the asset transaction agreement to be entered into between the Company and Bantex in relation to the potential Disposal
“Base Price of Transfer”	the base price of transfer of the potential Disposal, being RMB3,025,130,808
“Bantex”	Bantex Investments Limited, a limited liability company incorporated in Hong Kong, a subsidiary of GIC
“Board”	the board of Directors of the Company
“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 administration of the Government of Beijing, the controlling shareholder of the Company
“CBEX”	China Beijing Equity Exchange (北京產權交易所有限公司), a comprehensive property right exchange approved to establish by the Municipal People’s Government of Beijing
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 and whose H Shares are listed and traded on the main board of the Stock Exchange (stock code: 2868)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	being the Base Price of Transfer at RMB3,025,130,808
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 50% equity interests in the Tiancheng Yongyuan through public tender in CBEX
“Domestic Share(s)”	ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company proposed to be convened and held for the Shareholders to consider, and if appropriate, approve the Disposal and the transactions contemplated thereunder
“GIC”	Government of Singapore Investment Corporation (Realty) Pte Ltd., which indirectly owned 4.02% equity interests of the Company through its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	18 October 2019, being the latest practicable date for the purpose of ascertaining certain information contained in the circular prior to its publication
“percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“Potential Purchaser”	the qualified bidder who participated in the bidding for the potential Disposal through the public tender
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Beijing AZIA Tower* (北京匯亞大廈), an office located at F-03 block of Lize Financial Business District of Luguoqiao Town, Feng Tai District in Beijing* (北京市豐台區盧溝橋鄉麗澤金融商務區F-03地塊)
“Property Valuation Report”	the property valuation report dated 18 October 2019 issued by an independent property valuer, Cushman & Wakefield Limited, in respect of the value of the Property as at 31 July 2019
“Reco Pearl”	Reco Pearl Private Limited, a subsidiary of GIC, directly owned 4.02% equity interests of the Company
“Remaining Group”	the Group immediately after completion of the Asset Transaction Agreement
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SASAC”	the State-owned Assets Supervision and Administration Commission of the Beijing Municipality
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company in the nominal value of RMB1.00 each, including the Domestic Share(s), non-H Foreign Share(s) and the H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Successful Bidder”	the bidder who finally won the bidding for the potential Disposal through the public tender
“Tender Notice”	the tender notice containing details and terms of the potential Disposal
“Tiancheng Yongyuan”	Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司), a limited liability company established in the PRC and is owned as to 50% by the Company and 50% by Bantex prior to completion of the Asset Transaction Agreement
“Valuation Report”	valuation report dated 9 April 2019 issued by an independent valuer, China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司), in respect of the value in Tiancheng Yongyuan using the asset-based approach as at 31 December 2018 being the date for valuation

* For identification purposes only and should not be regarded as the official English translations of the Chinese names. In the event of any inconsistency, the Chinese names prevail.

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)

Non-executive Director:

Li Songping (*Chairman*)

Executive Directors:

Zhong Beichen (*President*)

Li Xiaobin

Hu Weimin

Fan Shubin

Non-executive Director:

Su Jian

Independent non-executive Directors:

Li Wang

Wong Yik Chung, John

Liu Xin

Registered address:

Room 3071, 3/F Office

Block 4

No. 13, Kaifang East Road

Huairou District

Beijing

PRC

Place of business in the PRC:

F17, Red Goldage

No. 2, Guang Ning Bo Street

Xicheng District

Beijing

PRC

Place of business in Hong Kong:

Suites 4602-05

One Exchange Square

Central

Hong Kong

21 October 2019

To the Shareholders

Dear Sir or Madam,

**POTENTIAL MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 50% EQUITY INTERESTS IN
TIANCHENG YONGYUAN THROUGH PUBLIC TENDER**

INTRODUCTION

Reference is made to the Announcement in relation to the potential Disposal.

The purpose of this circular is to provide the Shareholders with, among other things, further information in respect of the potential Disposal and the Asset Transaction Agreement, the notice of the EGM and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE PUBLIC TENDER

The Company shall dispose of 50% equity interests in Tiancheng Yongyuan held by the Company by means of equity transfer through public tender in CBEX. The Tender Notice was announced on the website of CBEX on 10 September 2019. Prior to completion of the Asset Transaction Agreement, Tiancheng Yongyuan is held as to 50% by the Company and 50% by Bantex. The Company is a state-controlled listed company and the disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right. According to the regulations of CBEX, the Successful Bidder is required to enter into the Asset Transaction Agreement with the Company.

Date and Procedures of the Public Tender

The Tender Notice was announced on the website of CBEX on 10 September 2019. The period of information release was open for 20 working days from the date of the Tender Notice. Upon the expiry of the period of information release on 12 October 2019, only Bantex has registered as a Potential Purchaser. On 18 October 2019, CBEX has notified the Company that Bantex is the Successful Bidder.

Within 5 working days upon the expiry of the period of information release and notification of the Successful Bidder received from CBEX, the Company is required to enter into the Asset Transaction Agreement with Bantex.

Consideration

Since only Bantex has registered as a Potential Purchaser, bidding procedures were not carried out, hence the Consideration is the Base Price of Transfer at RMB3,025,130,808.

The Consideration is determined by reference to the results of the Valuation Report dated 9 April 2019 issued by an independent valuer, China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司), in respect of the value in Tiancheng Yongyuan using the asset-based approach as at 31 December 2018 being the date for valuation. The Valuation Report has been filed with Capital Group in accordance with relevant rules in the PRC. As at 31 December 2018, the book value of the net assets which represents the Company's 50% interests in Tiancheng Yongyuan was approximately RMB1,844,246,185, therefore, the excess of the Consideration over the book value of the net assets representing the Company's 50% interests in Tiancheng Yongyuan is approximately RMB1,180,884,623.

LETTER FROM THE BOARD

ASSET TRANSACTION AGREEMENT

The Company will enter the Asset Transaction Agreement within 5 working days upon notification of the Successful Bidder by CBEX. The principal terms of the Asset Transaction Agreement are set out as below:

- Parties:
- (i) the Company (as vendor)
 - (ii) Bantex (as purchaser)
- Share transfer: The Company to transfer its 50% equity interests in Tiancheng Yongyuan to Bantex.
- Mode of transfer: Through public tender to be quoted on CBEX.
- Consideration and payment method: The Consideration is the Base Price of Transfer.
- Within 5 working days from the effective date of the Asset Transaction Agreement, 50% of the Consideration inclusive of the security deposit shall be paid by Bantex to CBEX.
- The 50% Consideration paid by Bantex to CBEX shall be released to the Company within 3 to 5 working days after the registration with respect to the change of holder of equity interests of Tiancheng Yongyuan is completed. This kind of payment arrangement is the usual and normal procedure of CBEX.
- The remaining 50% of the Consideration shall be paid by Bantex to the Company within one year from the effective date of the Asset Transaction Agreement and guarantee shall be provided by Bantex with respect to such amount, and interest (at the prevailing bank loan interest rate for the same period) for the remaining balance of the consideration during the period of payment deferment shall be paid by Bantex to the Company.
- Conditions Precedent: Completion is subject to Shareholders' approval at the EGM with respect to the potential Disposal (including the Asset Transaction Agreement) having been obtained.
- Completion: The completion of the potential Disposal shall take place on the date upon the completion of the update of the relevant records with the State Administration for Industry and Commerce of the PRC.

LETTER FROM THE BOARD

Obligations of fees payment for the potential Disposal:	Fees incurred in the potential Disposal contemplated under the Agreement shall be borne by the Company.
Liability for breach of contract:	If Bantex shall fail to pay the first instalment in full to designated account of CBEX by the relevant deadline and shall fail to rectify within the rectification period of 20 business days after the Company's written demand, Bantex shall, from the day after the expiry of the rectification period, pay to the Company 0.03% of the unpaid amount per day as the penalty for breach of the Asset Transaction Agreement, until the day on which Bantex shall pay the unpaid amount to the designated account of CBEX.
Effective date of the Asset Transaction Agreement:	The Asset Transaction Agreement shall take effect upon the execution of the Asset Transaction Agreement and the Shareholders' approval is obtained.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The Board is of the view that the Company can effectively realize the value of the equity interests and recover funds through the potential Disposal of equity interests.

The Directors are of the view that the transaction contemplated under the potential Disposal will be on normal commercial terms which is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL AND USE OF PROCEEDS

The potential Disposal is expected to realize an unaudited profit after tax of approximately RMB660,000,000 for the Group upon the completion of the potential Disposal, which is estimated based on the consideration received from the potential Disposal of RMB3,025,130,808 less 50% of the book value of net asset value of Tiancheng Yongyuan as at 30 September 2019 of approximately RMB1,826 million, and less income taxation of approximately RMB507 million and related fees of approximately RMB32 million. Shareholders are reminded that (i) the actual gains will be recognised in the financial statements of the Company after the potential Disposal through public tender and subject to the audited profit or loss by auditor after the date of completion of the potential Disposal, therefore the actual gains may differ from the abovementioned amounts.

It is estimated that the total assets of the Group will be decreased by approximately RMB3,600 million and the total liabilities of the Group will be decreased by approximately RMB2,500 million. The actual financial impact of the potential Disposal is subject to the audit by the Company's auditors. The Group, based on the Consideration, expects to receive net proceeds of approximately RMB2,486 million from the potential Disposal, which is estimated based on the consideration received from the potential Disposal of RMB3,025,130,808 less income taxation of approximately RMB507 million and related fees of approximately RMB32 million. Shareholders are reminded that the actual net proceeds is subject to the actual circumstances of the transaction. The Board intends to use the net proceeds arising from the potential Disposal as the Group's general working capital, which shall be used for financing repayments and interest payments of the Group within 6 months upon receipt of the net proceeds.

LETTER FROM THE BOARD

After the completion of the potential Disposal, the Company will no longer hold any interests in Tiancheng Yongyuan. Tiancheng Yongyuan will no longer be a subsidiary of the Company, and its financial statements will not be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATION

Using the Consideration as the basis of calculation, the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the potential Disposal is more than 25% but less than 75%. Thus, the potential Disposal constitutes a major transaction of the Company and is therefore subject to the requirements of reporting, announcement, circular and Shareholders' approval at a general meeting under Chapter 14 of the Listing Rules.

Since Bantex owns 50% equity interests in Tiancheng Yongyuan, and Tiancheng Yongyuan is accounted as a subsidiary of the Company, Bantex is therefore a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. The Company will enter into the Asset Transaction Agreement with Bantex, and the potential Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Taking into account the reasons and benefits of the potential Disposal, the Board (including the independent non-executive Directors) considers that the terms of the transactions contemplated under the potential Disposal are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. In contemplation of such case, the Company has obtained (i) the Board's approval of such transaction and (ii) the confirmation from the independent non-executive Directors that the terms of such transaction are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. As such, the transaction would be subject to the reporting and announcement requirements to be complied with by the Company but would be exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules. Despite so, the potential Disposal constitutes a major transaction of the Company and so the completion of the potential Disposal shall still be conditional upon and subject to the approval by the Shareholders at a general meeting.

As Reco Pearl, being a subsidiary of GIC, directly owned 4.02% equity interests of the Company, and that Bantex is a subsidiary of GIC, Reco Pearl shall abstain from voting on the resolutions for approving the potential Disposal at the EGM. To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, except that Reco Pearl shall abstain from voting on the resolution for approving the potential Disposal at the EGM, no other Shareholder has material interest in the potential Disposal.

LETTER FROM THE BOARD

GENERAL INFORMATION ON THE COMPANY

The Company is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868). The Company is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential property development, outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industrial properties and cultural and creative industries.

GENERAL INFORMATION ON TIANCHENG YONGYUAN

Tiancheng Yongyuan is a limited liability company established on 28 June 2013 in the PRC. As at the Latest Practicable Date of this circular, the registered capital of Tiancheng Yongyuan is RMB1,997,109,000, in which the Company holds 50% interests and Bantex holds the remaining 50% interests. Tiancheng Yongyuan is accounted for as a subsidiary of the Company. Tiancheng Yongyuan holds the Property located at F-03 block of Lize Financial Business District of Luguoqiao Town, Feng Tai District in Beijing* (北京市豐台區盧溝橋鄉麗澤金融商務區F-03地塊). Tiancheng Yongyuan is principally engaged in real estate consultancy, property and corporate management, and offices rental businesses, as well as public car park services.

The audited net profits before and after tax attributable to Tiancheng Yongyuan for the two financial years immediately preceding the potential Disposal prepared in accordance with the accounting standards of the PRC are set out below:

	For the year ended 31 December	
	2017	2018
	<i>RMB, audited</i>	<i>RMB, audited</i>
Profit/(loss) before tax	229,214,621.41	(163,849,998.18)
Profit/(loss) after tax	171,910,966.06	(129,807,293.82)

As at 31 December 2018, the audited net assets value of Tiancheng Yongyuan was approximately RMB3,688,492,370.56. As at 31 December 2018, the equity value of Tiancheng Yongyuan was valued at RMB6,005,494,732 based on the Valuation Report dated 9 April 2019 issued by an independent valuer, China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司). Upon completion of the potential Disposal, the Company will no longer hold any interests of Tiancheng Yongyuan.

The Property held by Tiancheng Yongyuan is developed for an office building project with a total site area of approximately 18,859.00 sq m. located at the center of Lize Financial Business District, a rising business area of Beijing. The Property is designed for both office and car parking uses. There are two land use rights of the Property having been granted to the Property, one for office and carpark uses for 50 years, another one for commercial use for 40 years. The Jing (2019) Feng Real Estate Title Certificate No. 0002846 is with respect to the land use right of gross floor area of 125,425.82 sq.m.. The Jing (2019) Feng Real Estate Title Certificate No. 0005254 is with respect to the land use right of gross floor area of 70,869.31 sq.m..

LETTER FROM THE BOARD

The unaudited book value of the Property is RMB3,555,936,471 as at 31 July 2019. The Property was valued at RMB4,911,000,000 as at 31 July 2019, according to the Property Valuation Report issued by Cushman & Wakefield Limited, an independent property valuer.

GENERAL INFORMATION OF BANTEK

Bantex is a limited liability company incorporated in Hong Kong and a connected person of the Company at the subsidiary level. It is principally engaged in investment holding. It is a subsidiary of GIC.

As at the date of this circular, the Asset Transaction Agreement has not yet been signed by the Company, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

EGM

Set out on pages EGM-1 to EGM-2 of this circular is the notice of the EGM to be held on Tuesday, 5 November 2019 at 9:00 a.m. at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, the PRC for the purposes of considering and, if thought fit, passing ordinary resolution(s) to approve the potential Disposal and the transactions contemplated thereunder.

The Articles of Association provide that those Shareholders who intend to attend any Shareholders' general meeting shall send a written reply to the Company 7 days before the date of the meeting (the "**Reply Date**"). In case the written replies received from the Shareholders indicating their intention to attend the EGM represent holders of less than one half of the total number of Shares with voting rights, the Company shall within 5 days after the Reply Date inform the Shareholders in the form of a public announcement the matters to be considered at the EGM, and the date and place of the meeting. The relevant general meeting may be convened after such announcement has been published.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the form of proxy and return the same to the Company's place of business in the PRC (for holders of Domestic Shares and Non-H Foreign Shares) or Hong Kong (for holders of H Shares) no later than 24 hours before the time appointed for the meeting.

In view of the above requirements in respect of the meeting convened by the notice of the EGM, you are urged to complete and return the form of proxy and the reply slip enclosed, whether or not you intend to attend the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meetings thereof should you desire and in such event, the relevant form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the EGM will be voted by poll. As Reco Pearl, being a subsidiary of GIC, directly owned 4.02% equity interests of the Company, and that Bantex is a subsidiary of GIC, Reco Pearl shall abstain from voting on the resolutions for approving the potential Disposal at the EGM. Save as mentioned above, no other Shareholder is required to abstain from voting on the resolutions proposed at the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the potential Disposal is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the potential Disposal.

ADDITIONAL INFORMATION

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

By Order of the Board
Beijing Capital Land Ltd.
Li Songping
Chairman

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 are disclosed in the following documents which have been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.bjcapitaland.com.cn/index.html:

- (a) annual report of the Company for the year ended 31 December 2016 published on 9 March 2017 (pages 85 to 240);
- (b) annual report of the Company for the year ended 31 December 2017 published on 13 March 2018 (pages 85 to 276);
- (c) annual report of the Company for the year ended 31 December 2018 published on 21 March 2019 (pages 92 to 264).

2. INDEBTEDNESS

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately RMB97,470,539,000 comprising:

- (a) Outstanding bank borrowings of approximately RMB58,293,374,000, among which RMB6,141,320,000 were secured by properties and the land use rights, RMB3,926,484,000 were secured by certain relevant properties under development and RMB48,225,570,000 were unsecured;
- (b) Other borrowings of approximately RMB2,102,105,000, among which RMB2,098,680,000 were secured by account receivables, and RMB3,425,000 were unsecured;
- (c) Corporate bonds of approximately RMB37,075,060,000.

As at 31 August 2019, the Group provided a guarantee amounted to RMB357,000,000 for a long term borrowing of a subsidiary of a joint venture.

As at 31 August 2019, the Group provided an irrevocable and joint and several guarantee expiring in May 2020 in respect of a long-term borrowing of RMB750,000,000 borrowed by a subsidiary of a joint venture from AVIC Trust Co., Ltd. in March 2018.

As at 31 August 2019, the Group provided guarantees amounted to RMB8,095,412,000 to secure repayments obligations of mortgage loan for certain customers.

As at 31 August 2019, lease liabilities of the Group was amounted to RMB40,773,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 31 August 2019, 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, taking into account of (i) the net proceeds from the potential Disposal; and (ii) the internal resources of the Remaining Group, and in the absence of unforeseen circumstances, are of the opinion that the Remaining Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular.

4. FINANCIAL AND TRADING PROSPECT

Looking out to the second half of 2019, China will continue to follow the overarching themes of “housing is for people to live in, not for speculation” and “one city, one policy” for the housing sector. The government’s policies, which set a primary goal of “stabilizing land and housing prices and guiding market expectations”, will promote the stable development of the housing market and give rise to the establishment of long-term housing policies suitable for different cities. The current rigid market regulations are expected to remain in place in the short term and developers are still facing great financing challenges ahead as a result of deleveraging and a moderate tightening of industry-specific monetary policy. Meanwhile, as the differentiation in developers intensifies further, the advantages of developers with strong backgrounds will be further enhanced. The Group will continue to strive to achieve “quality growth” as part of its core vision in response to volatile external conditions, maintain stable growth and continued progress, and adopt the following development strategies:

1. While continuing to develop core projects in line with its “BCL Made 2020” strategy, the Group will adhere to a “fast turnover” strategy and speed up the launch and delivery of new projects. Leveraging its in-house salesforce, the Group aims to achieve an annual sales target of RMB80 billion. The Group will accelerate cash collection by strengthening its performance evaluation and incentive systems, and revitalize inventory in an innovative manner. By implementing a “stable investment” strategy, the Group will continue to focus on investing in the three core metropolitan areas of Beijing-Tianjin-Hebei, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area as well as key tier-2 cities with market potential. Meanwhile, it will replenish its high-quality land bank at a low cost through diverse channels and with varied approaches.
2. In response to the government’s policies, the Group will accelerate the launch of new projects in its three diversified business lines, including cultural and creative industrial property developments, rental housing, and high-tech industrial property developments, in a bid to develop new profit drivers. In terms of cultural and creative industrial property business, the Group will develop projects through M&A, joint ventures, and self-operation, and operate them in an asset-heavy and asset-light combined business model. This will enhance the Group’s management capabilities which will not only help to generate stable income, but also allow the Group to benefit from potential assets appreciation by operating the properties. In terms of rental housing, the Group aims to make “Hé Cohesive Hub” a better and stronger rental housing brand, creating a unique model of running rental apartment projects on collective land, and achieving both social and economic benefits.

3. The Group will actively promote a rights issue plan in an effort to achieve breakthroughs in equity financing. It will also leverage its edge in credit and capital operations to maintain smooth financing channels and open new channels in order to further consolidate its advantage in financing costs. The Group will continue to strengthen Prime Golden Capital, its financial platform, by developing comprehensive fund businesses in various respects including real estate development, asset management, cultural and creative industrial property, private equity and an overseas fund. This will enable the Group to create financial operating synergies across diverse assets and projects, facilitating its core resource acquisition and strategic upgrading.

4. The Group will be dedicated to further establish a multi-faceted incentive mechanism. The Group will further implement the “Endeavor Initiative” – the project co-investment platform under the Group – expand its coverage and solicit support from the Group’s management team and headquarters, continuously optimize and effectively execute the program, thereby aligning the interests of shareholders, management and employees.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest of the Company as at 31 July 2019.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

18 October 2019

The Board of Directors
Beijing Capital Land Ltd.
Suites 4602–05, One Exchange Square
Central, Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Beijing Capital Land Ltd. (the “**Company**”) for us to value the property held by the Company or its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property as at 31 July 2019 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“**HKIS**”) 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”.

We confirm that the valuation is undertaken in accordance with the HKIS Valuation Standards 2017 Edition published by the Hong Kong Institute of Surveyors.

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.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation, we have relied on the information and advice given by the Company's PRC legal adviser, ZHONGLUN W&D LAW FIRM, regarding the titles to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the property, we have assumed that the Company has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for 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 outgoing of an onerous nature which could affect its value.

METHOD OF VALUATION

In valuing the property which is held for investment, we have adopted Investment Method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property, which is a commonly acceptable and adopted method for rental income generating properties when rental comparables are abundant and readily available. We have mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors. The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rates are estimated by reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type. We have also cross-checked against comparable sales evidence as available in the relevant market.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, orders, easements, tenure, lettings, licences, particulars of occupancy, identification of land and building, site and floor plans, site and floor areas, number of parking spaces and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. 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.

TITLE INVESTIGATION

We have relied to a considerable extent on the information given by the Company and the Company's PRC legal adviser, ZHONGLUN W&D LAW FIRM, in respect of the title to the property in the PRC. We have been provided with copies of documents in relation to the title to the property. However, we have not searched the original documents of all properties to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Ms. Cherie Liang, Valuer of our Beijing Office, Master of Science with three years of property valuation working experience, inspected the exterior and, wherever possible, the interior of the property on 24 June 2019. 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 test was carried out on any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (“RMB”), the official currency of the PRC.

OTHER DISCLOSURE

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We conducted valuation of the property as at 30 June 2019 for the Group for financial reporting purpose. The proportion of the total fee payable by the Group for the valuation of the property during the preceding valuation relative to the total fee income of Cushman & Wakefield Limited is minimal.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 25 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2019								
Beijing AZIA Tower (北京匯亞大廈), No. 16 Lize Road, Fengtai District, Beijing, the PRC	<p>Completed in 2017, Beijing AZIA Tower is an office development erected on a parcel of land with a total site area of approximately 18,859 sq m.</p> <p>According to the information provided by the Company, the property is designed for office and car parking uses.</p> <p>The property has gross floor areas as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>125,425.82</td> </tr> <tr> <td>Car park</td> <td><u>24,505.69</u></td> </tr> <tr> <td>Total</td> <td><u>149,931.51</u></td> </tr> </tbody> </table>	Use	Gross floor area (sq m)	Office	125,425.82	Car park	<u>24,505.69</u>	Total	<u>149,931.51</u>	<p>As at the Valuation Date, portions of the property with a total gross floor area of 16,216.73 sq m were committed to be leased to various tenants at a total annual rent of approximately RMB48,800,000, exclusive of VAT and building management fees, with the latest expiry on 30 April 2025.</p> <p>The remaining portion of the property was vacant.</p>	RMB4,911,000,000 (RENMINBI FOUR BILLION NINE HUNDRED AND ELEVEN MILLION)
Use	Gross floor area (sq m)										
Office	125,425.82										
Car park	<u>24,505.69</u>										
Total	<u>149,931.51</u>										
	<p>The property comprises 461 car parking spaces in the basement.</p> <p>The property is located at the center of Lize Financial Business District, a rising business area of Beijing. The immediate locality is mainly developed with office and commercial buildings.</p> <p>The land use rights of the property have been granted for terms of 50 years for office and carpark uses, and 40 years for commercial use.</p>										

Notes:

- (1) According to two Real Estate Title Certificates (不動產權證書) issued on 23 January 2019 and 21 February 2019, the land use rights and the building ownership of the property have been vested in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) with details as follows:

Certificate No.	Issue Date	Land Use	Land Use Term Expiry Date	Common Site Area (sq m)	Building Use	Gross Floor Area (sq m)
Jing (2019) Feng Real Estate Title Certificate No. 0002846	23 Jan 2019	Business and financial (commercial, office and underground car parking)	Commercial: 14 March 2053 Office and underground car parking: 14 March 2063	18,859	Office	125,425.82
Jing (2019) Feng Real Estate Title Certificate No. 0005254	21 Feb 2019	Business and financial (commercial, office, underground car park and underground commercial)	Commercial: 14 March 2053 Office and underground car parking: 14 March 2063	18,859	Car parking, commercial and mechanical parking	70,869.31
Total:						<u>196,295.13</u>

As advised by the Company, the property comprises portions of the space as stated in the aforesaid certificates.

According to the note in Real Estate Title Certificate Jing (2019) Feng Real Estate Title Certificate No. 0005254 and the information given by the Company, there are 461 car parking spaces in the basement with a gross floor area of 24,505.69 sq.m.

- (2) According to Business Licence No. 91110000069561543Y dated 10 January 2017, Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was established on 28 June 2013 as a limited company with a registered capital of RMB1,997,109,000 for a valid operating period until 27 June 2033.
- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- The Real Estate Title Certificates of the property are valid, legal and enforceable under the PRC laws;
 - Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) is the legal land user of the property and has obtained the relevant certificates and approval from the government in the respect of the construction of the property; and
 - Within the validity period of land and building use rights, Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (5) We have valued for the Company the same property for financial reporting purpose on the same basis as at 30 June 2019 at a sum of RMB4,911,000,000 (RENMINBI FOUR BILLION NINE HUNDRED AND ELEVEN MILLION).

* For identification purpose only and should not be regarded as the official English translation of the Chinese name. In the event of any inconsistency, the Chinese name prevails.

The following is the summary of a valuation report prepared for the purpose of incorporation in this circular received from China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司), an independent valuer, in connection with its opinion of value in Tiancheng Yongyuan using the asset-based approach as at 31 December 2018.

For the purposes of this Appendix III, in case of any inconsistency between the Chinese version and the English version of this circular, the Chinese version of this circular shall prevail.

**This asset valuation report is prepared in accordance with the
Asset Valuation Standards of China**

Asset Valuation Report on the Value of the Entire Equity Interests Held by the Shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) involved in the Proposed Transfer of the 50% Equity Interests in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) by Beijing Capital Land Ltd. (首創置業股份有限公司)

ZhongQiHuaPingBaoZi(2019) No. 1066
(中企華評報字(2019)第1066號)
(Book 1 of 1)

China Enterprise Appraisal Co., Ltd.*
(北京中企華資產評估有限責任公司)
9 April, 2019

Content

STATEMENT	III-3
SUMMARY OF THE ASSET VALUATION REPORT	III-4
TEXT OF THE ASSET VALUATION REPORT	III-7
I. CLIENT, TARGET COMPANY AND OTHER USERS OF THE ASSET VALUATION REPORT SPECIFIED IN THE VALUATION ENGAGEMENT CONTRACT	III-7
II. PURPOSE OF VALUATION	III-12
III. VALUATION OBJECT AND VALUATION SCOPE	III-12
IV. VALUE TYPE	III-16
V. VALUATION BENCHMARK DATE	III-16
VI. BASIS FOR VALUATION	III-17
VII. VALUATION METHODS	III-20
VIII. IMPLEMENTATION PROCESS OF VALUATION PROCEDURES	III-25
IX. ASSUMPTIONS OF VALUATION	III-28
X. RESULTS OF VALUATION	III-29
XI. NOTES ON SPECIAL MATTERS	III-30
XII. NOTES ON THE LIMITATIONS OF USE OF THIS ASSET VALUATION REPORT	III-33
XIII. REPORTING DATE OF ASSET VALUATION	III-33
APPENDICES TO THE ASSET VALUATION REPORT	III-34

Statement

- I. This asset valuation report is prepared in accordance with the Basic Asset Valuation Standards issued by the Ministry of Finance and the Practicing Standards and Code of Professional Ethics for Asset Valuation issued by the China Appraisal Society.
- II. The asset valuation firm and its asset valuers have complied with the laws, administrative regulations and asset valuation standards, and abided by the principles of independence, objectivity and impartiality, and accept the legal responsibilities for the Asset Valuation Report issued by them.
- III. Our client or other users of the asset valuation report shall use the asset valuation report in accordance with the laws, administrative regulations and the scope of application set out in the asset valuation report. If our client or other users of the asset valuation report are in breach of the above regulations related to the use of asset valuation report, the asset valuation firm and its asset values will not bear the responsibilities.

This asset valuation report shall only be used by our client, other users of the asset valuation report specified in the valuation engagement contract, and users of the asset valuation report pursuant to the laws and administrative regulations. Save for the above, this asset valuation report shall not be used by any other institution or individual.

The asset valuation institute and the asset values remind that users of the asset valuation report shall understand the valuation conclusion properly, and should be reminded that the valuation conclusion is not equivalent to the realizable value of the valuation object and should not be treated as a guarantee for the realizable value of the valuation object.

- IV. The list of assets and liabilities of the valuation object and the forecast of the corporate's operation were reported by the client and the entity being valued and were confirmed by them under their hands, seals or other ways as permitted under the laws. The client and other relevant parties are legally liable for the authenticity, completeness and legitimacy of the information provided.
- V. Our asset values have carried out on-site inspection on the valuation object and its assets involved; we have attached attention, if necessary, to the legal title of the valuation object and its assets involved, verified the legal title information of the valuation object and its assets involved, made proper disclosure in respect of the issues identified, and requested our client and other relevant parties to consummate the title in order to fulfill the requirements for the issuance of asset valuation report.
- VI. The asset valuation institute and the asset values have no existing or expected interest in the valuation object referred in the asset valuation report, nor with the relevant parties, and have no bias against the relevant parties.
- VII. The analyses, judgments and results in the asset valuation report issued by the asset valuation institute are subject to the assumptions and limitations set out in the asset valuation report, users of the asset valuation report shall take into full account of the assumptions, limitations, notes to special matters and their impact on the valuation conclusion as stipulated in the asset valuation report.

Summary of the Asset Valuation Report**Important**

The contents in this summary are derived from the original asset valuation report, in order to understand the details of this valuation and have a reasonable understanding towards the valuation conclusion, you should read the original asset valuation report carefully.

Beijing Capital Land Ltd. (首創置業股份有限公司):

China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司) has been engaged by Beijing Capital Land Ltd.(首創置業股份有限公司) to value the market price as at the valuation benchmark date of the entire equity interests held by the shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) involved in the proposed transfer of the equity interests in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) by Beijing Capital Land Ltd. (首創置業股份有限公司) in accordance with the necessary valuation procedures, the requirements of the laws, administrative regulations and asset valuation standards, and abided by the principles of independence, objectivity and impartiality. The summary of the asset valuation report is set out below:

Purpose of the valuation: As a result of the proposed equity transfer, there is a need to value the market value as at 31 December 2018 of the entire equity interests held by the shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) involved in the said economic transaction in order to provide a reference for the value of the abovesaid economic transaction.

The above economic transaction has been considered and approved by 《北京首都創業集團有限公司董事會決議》([2018]董決字(1024-XII)號) and 《首創置業股份有限公司第六屆董事會第一百零四次會議決議》.

Valuation object: For the purpose of this valuation, the entire equity interests held by the shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司).

Scope of Valuation: The scope of valuation is all of the assets and liabilities of the entity being valued. It includes current asset, non-current assets, current liabilities and non-current liabilities.

Valuation Benchmark Date: 31 December, 2018

Type of market value: Market value

Method of valuation: Asset based approach, income approach

Valuation conclusion: This asset valuation report has adopted the valuation results derived from asset based approach as the valuation conclusion. The detail of the valuation conclusion is as follow:

As at the valuation benchmark date, the carrying amount and appraised value of the total assets of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was \$6,005.6694 million and \$7,801.2526 million respectively, representing an appreciation of 1,795.5832 million or a revaluation rate of 29.90%; the carrying amount and appraised value of the total liabilities was \$2,317.1771 million and \$1,785.7579 million respectively, representing a depreciation of \$521.4192 million or a depreciation rate of 22.50%; the carrying amount and appraised value of the net assets was \$3,688.4923 million and \$6,005.4947 million, representing an appreciation of \$2,317.0024 million or a revaluation rate of 62.82%.

The particulars of valuation results arrived by asset based approach is set out in the valuation summary table below:

Table of Valuation Summary by Asset Based Approach

Valuation Benchmark Date 31 December, 2018

Unit: RMB'000

Item		Carrying	Appraised	Increase/ Decrease in	Appreciation
		Amount A	Value B	Value C=B-A	Rate% D=C/A × 100
Current assets	1	114,921.32	114,921.32	0.00	0.00
Non-current assets	2	485,645.62	665,203.94	179,558.32	36.97
of which: Long-term equity investment	3	0.00	0.00	0.00	
Investment property	4	485,500.00	665,057.70	179,557.70	36.98
Fixed assets	5	13.74	14.20	0.46	3.35
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	2.84	3.00	0.16	5.63
of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	129.04	129.04	0.00	0.00
Total assets	11	600,566.94	780,125.26	179,558.32	29.90
Net liabilities	12	50,575.79	50,575.79	0.00	0.00
Non-current liabilities	13	181,141.92	129,000.00	-52,141.92	-28.79
Total liabilities	14	231,717.71	179,575.79	-52,141.92	-22.50
Net assets	15	368,849.23	600,549.47	231,700.24	62.82

The purpose of this valuation report is to provide a reference for the value of the economic activity as described in the valuation report only, and the valuation conclusion is valid for one year from the valuation benchmark date.

Users of the asset valuation report shall take into full account of the assumptions, limitations, notes to special matters and their impact on the valuation conclusion as stipulated in the asset valuation report.

The above contents are derived from the original asset valuation report, in order to understand the details of this valuation and have a correct understanding towards the valuation conclusion, you should read the original asset valuation report carefully.

**Value of the Entire Equity Interests Held by the Shareholders of
Beijing Tiancheng Yongyuan Investment Management Co., Ltd.*
(北京天城永元置業有限公司)
involved in the Proposed Transfer of the 50% Equity Interests in
Beijing Tiancheng Yongyuan Investment Management Co., Ltd.*
(北京天城永元置業有限公司) by
Beijing Capital Land Ltd. (首創置業股份有限公司)**

Text of the Asset Valuation Report

To Beijing Capital Land Ltd.(首創置業股份有限公司):

China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司) has been engaged by Beijing Capital Land Ltd.(首創置業股份有限公司) to value the market price as at the valuation benchmark date of the entire equity interests held by the shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) involved in the proposed transfer of the equity interests in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) by Beijing Capital Land Ltd. (首創置業股份有限公司) in accordance with the necessary valuation procedures, the requirements of the laws, administrative regulations and asset valuation standards, and abided by the principles of independence, objectivity and impartiality. We hereby report the asset valuation as follows:

I. Client, Target Company and Other Users of the Asset Valuation Report specified in the Valuation Engagement Contract

The client of this valuation is Beijing Capital Land Ltd., the target company is Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司), and other users of the valuation report is set out in the engagement letter.

(i) Basic Information of our Client

Name of the company:	Beijing Capital Land Ltd.(首創置業股份有限公司)
Type:	Joint stock limited company (Sino foreign joint venture, listed)
Residential address:	Room 3071, Office Area on Level 3, Building No. 4, Yard No. 13, East Kaifang Road, Huairou District, Beijing
Legal representative:	Li Songping (李松平)
Registered capital:	RMB3,027.96 million
Unified Social Credit Code:	91110000744701379C
Date of establishment:	5 December, 2002

Period of operation:	From 5 December, 2002, no fixed term
Scope of business:	Real estate development; sale and leasing of self-owned commodity housing; real estate information consultation service; property management; real estate exhibition and show; hotel management; travel information consultation. (for business subject to approval as required by law, it can only be commenced in accordance with the approval after being approved by the relevant authority.)

Basic Information of the Target Company

1. Overview of the company

Name of the company:	Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司)
Type:	limited liability Company (Taiwan, Hong Kong or Macau joint venture with domestic company)
Residential address:	401-33, Building No. 1, Yard No. 18, Lize Road, Fengtai District, Beijing
Legal representative:	Qin Lang (覃朗)
Registered capital:	RMB1,997.1090 million
Unified Social Credit Code:	91110000069561543Y
Date of establishment:	28 June, 2013
Period of operation:	28 June, 2013 to 27 June, 2033

Scope of business: To develop, construct, sale and operate and manage the C2 commercial and financial use land project on lot F-03 in Lize Financial Business District located at Lugouqiao Township, Fengtai District, Beijing, the project extended to West Lianhuahe Road on the East, the North boundary of lot F-05 on the South, the South Luotuowan Road and the East boundary of lot F-04 on the West and the South Boundary of lot F-02 on the North; real estate consultation service; property management; corporate management; leasing of commodity housing and office; public car park for motor vehicles. (the company shall obtain the approval from the Municipal Commission of Housing and Urban-rural Development after it has issued with this license. for business subject to approval as required by law, it can only be commenced in accordance with the approval after being approved by the relevant authority.)

2. Shareholding Structure of the Company and its Movement

Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was established on 28 June, 2013, the capital of which was jointly contributed by S.C. Real Estate Development Co., Ltd. (“S.C.”) (首創朝陽房地產發展有限公司) and BANTEX INVESTMENTS LIMITED (邦泰克投資有限公司). The company has already obtained the Corporate Business License (Registration No. 91110000069561543Y) issued by Beijing Administration for Industry and Commerce. At the time of establishment, the registered capital of the company was \$1,997.1090 million, and the paid-in capital was RMB1,997.1090 million.

Pursuant to the Proposal to Amend the Restated Articles of Association of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) (a Sino-foreign joint venture), on 27 November, 2018, the board of directors of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) has resolved that the joint venture party of the company shall be changed from S.C. Real Estate Development Co., Ltd. (“S.C.”) (首創朝陽房地產發展有限公司) to Beijing Capital Land Ltd.(首創置業股份有限公司), and the shareholding particulars after such change is: Beijing Capital Land Ltd.(首創置業股份有限公司), as shareholder, contributed \$998.5545 million, representing 50% of the share capital of the company; BANTEX INVESTMENTS LIMITED (邦泰克投資有限公司), as shareholder, contributed \$998.5545 million, representing 50% of the share capital of the company.

As at the valuation benchmark date, the contribution and shareholding percentage of the shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) were as follows:

Name of the shareholder	Means of contribution	Registered Capital (‘0,000)	Paid-in capital (‘0,000)	Ratio of contribution	Ratio to the registered capital
Beijing Capital Land Ltd. (首創置業股份有限公司)	Monetary	99,855.45	99,855.45	50.00%	50.00%
BANTEX INVESTMENTS LIMITED (邦泰克投資有限公司)	Monetary	99,855.45	99,855.45	50.00%	50.00%
Total		199,710.90	199,710.90	100.00%	100.00%

3. Assets, Financial and Operation Information for the Past Three Years

The financial information of the target company for the past three years was set out in the table below:

Historical Statement of Financial Position

Item	Unit: RMB‘0,000		
	31 December, 2016	31 December, 2017	31 December, 2018
Current assets	69,337.63	80,252.41	114,921.32
Non-current assets	501,693.90	574,201.43	485,645.62
Total assets	571,031.53	654,453.85	600,566.94
Net liabilities	80,935.73	31,230.00	50,575.79
Non-current liabilities	125,456.94	241,393.88	181,141.92
Total liabilities	206,392.66	272,623.88	231,717.71
Equity	364,638.87	381,829.97	368,849.23

Historical Income Statement

Item	<i>Unit: RMB'000</i>		
	Year 2016	Year 2017	Year 2018
I. Revenue	–	–	119,654.77
Less: Cost of sales	–	–	81,933.27
Business taxes and surcharges	43.91	29.22	4,928.12
Selling and distribution expenses	352.47	355.89	1,298.31
General and administrative expenses	66.76	44.82	2,546.87
Financial expenses	-12.53	396.38	8,325.35
Asset impairment losses	–	–	0.00
Add: Gains arising from changes in fair value	105,363.42	23,747.78	-37,007.83
Add: Investment income	–	–	0.00
II. Operating profit	104,912.82	22,921.46	-16,385.00
Add: Non-operating income	–	–	0.00
Less: Non-operating expenses	–	–	0.00
III. Profit before income tax	104,912.82	22,921.46	-16,385.00
Less: Income tax expenses	26,228.20	5,730.37	-3,404.27
IV. Net profit	78,684.61	17,191.10	-12,980.73

The financial statements for year 2016, year 2017, year 2018 and as at the valuation benchmark date have been audited by Russell Bedford Hua-Ander without qualifying their opinion.

4. Relationship between the client and the target company

Beijing Capital Land Ltd. (首創置業股份有限公司), the client, is the controlling shareholder of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司).

I. Other Users of the Asset Valuation Report specified in the Valuation Engagement Contract

This valuation report is only for the use of the client and user of the valuation report as stipulated by law and regulation, and may not be used or relied on by any third party.

II. Purpose of Valuation

Due to the proposed equity transfer, the entire interests of shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) involved in such economic activities shall be assessed, so as to determine the market value as at the valuation benchmark date (i.e. 31 December 2018), and provide references for the above economic activities.

The aforementioned economic activities have been approved by “the Board Resolution of Beijing Capital Group Co., Ltd.” ([2018] Dong Duan Zi No. (1024-XII)) and “the Resolution of the 104th Meeting of the 6th Board of Directors of Beijing Capital Land Ltd.”.

III. Valuation Object and Valuation Scope**(I) Valuation Object**

According to purpose of valuation, valuation object refers to the total equity value of shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司).

(II) Valuation Scope

Valuation scope refers to the entire assets and liabilities of the target company. As at the valuation benchmark date, assets within the valuation scope included current assets and non-current assets with the carrying amount of total assets of RMB6,005,669,400; liabilities include current liabilities and non-current liabilities with the carrying amount of total liabilities of RMB2,317,177,100; the carrying amount of net assets of RMB3,688,492,300.

The entrusted valuation object and valuation scope were in consistent with the valuation object and valuation scope involved in the economic activities. As the valuation benchmark date, the carrying value of assets and liabilities with the valuation scope has been audited by Russell Bedford Hua-Ander, and unqualified opinions were issued.

1. The status of main assets with the valuation scope is as follows:**(1) Investment real estate as measured at fair value**

The investment real estate included in the scope of this investment real estate valuation refers to 36 sets of real estate, including Lize Financial Business District F-03 plot project for office and garage use as developed by Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司), which is located at 3701, 37th Floor, Tower 4, 16 Lize Road, Fengtai District, Beijing, etc.. The project site is located east to Lianhuahe West Road, south to the north boundary of F-05 plot, west to Camel Bay South Road and the east boundary of F-04 plot, and north to the south boundary of F-02 plot.

As of valuation benchmark date, the Lize Financial Business District F-03 plot project has obtained relevant documents such as project launch, land, land-use plan, construction plan, construction commencement and completion files, including “Reply of the Beijing Municipal Development and Reform Commission on Approval of the Establishment of a Sino-foreign Joint Venture, Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司), and the

Development and Construction of the Lize Financial Business District F-03 Plot Project Located in Fengtai District” (Jing Fa Gai [2013] No. 2427), “Contract for Assignment of the Right to the Use of State-owned Construction Land” (Contract number: Jing Di Chu [He] Zi (2013) No. 0087), “Supplementary Agreement on Contract on Remising Use Right of State-owned Land for Construction”, “State-owned Land Use Certificate” (Jing feng guo yong (2015 chu) No. 00094), “Construction Land Planning Permit” (De Zi No. 110106201300058 (2013 Gui (Feng) De Zi No. 0028)), “Construction Project Planning Permit” (Jian Zi No. 110106201500068 (2015 Gui (Feng) Jian Zi No. 0015)), “Construction Work Commencement Permit” (No. 110106201506300101 ((2015) Shi (Feng) Jian Zi No. 0033)) and “Beijing Building Construction and Community Infrastructure Construction Work Completion Examination and Acceptance Filing Form” (0881 Feng Jun 2017 (Jian) 0070); and subsequently obtained “Property Rights Certificate” (Jing (2019) Feng Property Rights No. 0002846) for office real estate on 23 January 2019, and obtained “Property Rights Certificate” (Jing (2019) Feng Property Rights No. 0005254) for parking spaces and commercial real estate on 21 February 2019.

According to the “Property Rights Certificate” (Jing (2019) Feng Property Rights No. 0002846, No. 0005254), the proprietor of the Lize Financial Business District F-03 plot project was Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司). The project is located at 36 sets of real estate, including 3701, 37th Floor, Tower 4, 16 Lize Road, Fengtai District, Beijing, and 254 sets of real estate, including 402, 4th Floor, Tower 4, 16 Lize Road, Fengtai District, Beijing. The land use is commercial and financial land (commercial, office, underground garage), with a total land use right area of 18,859.00 sq.m. The proprietary right was the right to use state-owned construction land, and the nature of the proprietary right was transfer. The termination date of such land use right for commercial use and for office and underground garage will be 14 March 2053 and 14 March 2063, respectively. The land use right included in the scope of this valuation was the land use right shared by the real estate for office and garage use of the project. According to the information and measurements provided by the target company, the shared land use right area was 14,404.63 sq.m. The details are as follows:

No.	Projects	Building area (m ²)	The shared land use right area (m ²)	The basis of building area
1	Commercial building area	46,363.62	4,454.37	Jing (2019) Feng Property Rights No. 0005254
2	Office building area	125,425.82	12,050.25	Jing (2019) Feng Property Rights No. 0002846
3	Parking space building area	24,505.69	2,354.38	Jing (2019) Feng Property Rights No. 0005254
Total		196,295.13	18,859.00	

According to the “Construction Project Planning Permit” (Jian Zi No. 110106201500068 (2015 Gui (Feng) Jian Zi No. 0015)), the construction scale of F-03 plot was 221,102.00 sq.m, and the floor interval was negative 4-42 stories. The details are as follows:

Projects	Above ground	Underground
Total	160,000.00	61,102.00
Commercial	39,088.00	8,503.00
Office	120,717.00	
Civil air defense entrance and exit	195.00	
Equipment room	–	10,159.00
Motor vehicle library (including civil air defense)		42,440.00
Civil air defense engineering		18,149.00
Civil air defense outdoor passage and passage area		1,225.00

As of the valuation benchmark date, the real estate for commercial use has been sold and carried forward, and those included in the scope of this valuation were the remaining real estate for office and garage use.

According to the “Property Rights Certificate”, “Technical Report of Building Area Measurement” and “Parking Space Statistics”, the profitable area and number of parking spaces included in the scope of this valuation are as follows:

Projects	Number of set (unit)	Above ground area (m ²)	Underground (m ²)	Total (m ²)	Remark
Office	36	125,425.82		125,425.82	
Motor vehicle library (proprietary right area)	447		24,505.69	24,505.69	242 sets
Motor vehicle library (civil air defense engineering)	401				
Total		125,425.82	24,505.69	149,931.51	

Note: Since the segmentation of underground parking spaces has not been completed, the valuation report is based on the number of planned units, and the actual unit number may differ from the data on which this valuation is based.

As at the valuation benchmark date, the land use right of the valuation object and certain buildings possessed mortgage rights. According to the “mortgage contract” of the project, the mortgagees were Bank of Communications Co., Ltd., Beijing Dongdan sub-branch, and Beijing Rural Commercial Bank Co., Ltd., Dongcheng sub-branch. The scope of mortgage refers to 17,206.49 sq.m of the land use right, and construction in progress of the 4th floor underground and the 5th floor above ground of 44,000 sq.m. The mortgage period ranged from 15 December 2015 to 30 April 2031. The mortgage loan was amounted to RMB2.4 billion, and up to the valuation benchmark date, the remaining loan was amounted to RMB1.29 billion; certain real estate of the valuation object possessed lease rights as detailed below:

No.	Name of Lessee	No. of Leased Unit	Lease area (sq.m)	Rent Commencement Date	Rent Ending Date
1.	Beijing Yong Yuan Xing Real Estate Co., Ltd.	Nos. 3-5 on 10/F	763.82	2019.01.01	2021.12.31
2.	Beijing Dream Plus Information Technology Co., Ltd.	8/F-9/F	6,844.78	2018.11.01 2021.11.01 2024.11.01	2121.10.31 2024.10.31 2026.10.31
3.	Hualian Ka Shijia (Beijing) Catering Management Co., Ltd.	1/F Lobby Southwest Side Unit	131.10	2019.03.01 2022.03.01	2022.02.28 2025.02.28
4.	Beijing Laijin Yuxuan Trading Co., Ltd.	1/F Lobby West Side Unit	17.00 17.00	2019.05.01 2022.05.01	2022.04.30 2025.04.30
5.	Wanyan Zhenhai	Nos. 7-8 on 10/F	390.33	2019.04.01	2021.03.31
6.	Chuang Zao Feng	1/F Lobby North Side Unit	61.00 61.00	2019.03.01 2022.03.01	2015.02.28 2025.02.28
Total			8,208.03		

Apart from the above, there are no other third party right or outstanding land premium.

The construction of Lize Financial Business District F-03 plot was commenced on 30 June 2015, the main structure was completed on 8 December 2017. As of the valuation benchmark date, the overall construction of the project has basically been completed.

(2) Electronic equipment

The equipment-based assets included in the valuation scope were mainly machinery and electronic equipment. The equipment was mainly distributed in the office of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司). The basic profile of the assets is as follows:

Machinery refers to office furniture, and electronic equipment includes projectors, purifiers and office furniture. There was designated personnel who performed daily maintenance on such equipment. As of the valuation benchmark date, there were one screen and one screen block being scrapped, whereas other equipment could still be used normally in order to fulfill daily office needs.

2. The status of tangible assets declared by the Company

The intangible assets declared by the Company which were included in the valuation scope are other intangible assets. Other intangible assets refer to Siyuan Real Estate CRM Marketing and Management Software V6.0 (思源地產CRM營銷管理軟件V6.0). As of the valuation benchmark date, the enterprise software was valued at amortized value, and was used normally in order to fulfill daily office needs.

3. The status of off-balance sheet assets declared by the Company

The assets declared by the Company which were included in the valuation scope are all on-balance sheet assets.

4. The relevant assets involved when citing report conclusions of other institutions

No reports of other institutions were cited in this valuation report.

IV. Value Type

Based on the objectives of the valuation, the value type of the valuation object is confirmed to be market value.

Market value is the estimated value of the valuation object in an arm's-length transaction on the valuation benchmark date between a willing buyer and a willing seller wherein the parties have each acted rationally and not by compulsion.

V. Valuation benchmark date

The valuation benchmark date is 31 December 2018 which is determined by our client.

VI. Basis for Valuation**(I) On the basis of economic behaviours**

1. Board Resolutions of Beijing Capital Group Co., Ltd. [2018] (Dong Jue Zi No. 1024-XII);
2. Resolutions of the 104th Meeting of the Sixth Session of the Board of Directors of Beijing Capital Land Ltd.

(II) On the basis of laws and regulations

1. Asset Appraisal Law of the People's Republic of China (passed by the 21st session of the Standing Committee of the 12th National People's Congress on 2 July 2016);
2. Company Law of the People's Republic of China (revised and approved by the 6th session of the Standing Committee of the 13th National People's Congress on 26 October 2018);
3. Securities Law of the People's Republic of China (revised by the 10th session of the Standing Committee of the 12th National People's Congress on 31 August 2014);
4. Measures for Financial Supervision and Administration of the Asset Appraisal Sector (Order No.86 of the MOF);
5. Law of the People's Republic of China on the Administration of Urban Real Estate (revised by the 10th session of the Standing Committee of the 11th National People's Congress on 27 August 2009);
6. Land Administration Law of the People's Republic of China (passed by the 11th session of the Standing Committee of the 10th National People's Congress on 28 August 2004);
7. Enterprise Income Tax Law of the People's Republic of China (revised by the 26th session of the Standing Committee of the 12th National People's Congress on 24 February 2017);
8. Law of the People's Republic of China on State-owned Assets of Enterprises (passed by the 5th session of the Standing Committee of the 11th National People's Congress on 28 October 2008);
9. Interim Measures for the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council, revised by Order No. 588 of the State Council);
10. Administrative Measures for the Valuation of State-owned Assets (Order No. 91 of the State Council);
11. Notice on Issuing the Detailed Rules for the Implementation of the Administrative Measures for the Valuation of State-owned Assets (Guo Zi Ban Fa [1992] No. 36);
12. Interim Measures for the Administration of Valuation of State-owned Assets of Enterprises (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);

13. Notice on Issues about Enhancing Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);
14. Notice on Issues about Reviewing Valuation Reports of State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941)
15. Guidelines on Approval of Asset Appraisal Projects of Central Enterprises (Guo Zi Fa Chan Quan [2010] No. 71);
16. Guidelines on Filing of State-owned Asset Appraisal Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);
17. Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises (Order No. 32 of the SASAC and the MOF);
18. Accounting Standards for Business Enterprises – Basic Standards (Order No. 33 of the MOF), Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises – Basic Standards (Order No. 76 of the MOF);
19. Detailed Rules for the Implementation of the Provisional Regulations of the People’s Republic of China on Value-added Tax (Order No. 691 of the State Council);
20. Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No.32);
21. Interim Regulations of the People’s Republic of China on Urban and Town Land Use Tax (3rd revision by Order No. 645 of the State Council on 7 December 2013);
22. Notice of on Effectively Deepening the Value-added Tax Reform in 2019 (Shui Zong Fa [2019] No.32);
23. Provisions of Beijing Municipality on the Management of Property Right Transactions (Government Order [2001] No.90);
24. Interim Measures for the Administration of Valuation of State-owned Assets of Enterprises in Beijing Municipality (Jing Guo Zi Fa [2008] No.5);
25. Opinions of the SASAC and the MOF of the Municipality on Thorough Implementation of the Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises (Jing Guo Zi Fa [2017] No.10);
26. Notice of the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality on Issues about Deepening the Administration Reform of Valuation of State-owned Assets of Enterprises (Jing Guo Zi Fa [2019] No.2).

(III) On the basis of valuation standards

1. Basic Rules for Asset Valuation (Cai Zi [2017] No. 43);
2. Professional Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);
3. Asset Valuation Practice Rules – Asset Valuation Report (Zhong Ping Xie [2018] No. 35);
4. Asset Valuation Practice Rules – Asset Valuation Report (Zhong Ping Xie [2018] No. 36);
5. Asset Valuation Practice Rules – Entrustment Contract for Asset Valuation (Zhong Ping Xie [2017] No. 33);
6. Asset Valuation Practice Rules – Asset Valuation Documentation (Zhong Ping Xie [2018] No. 37);
7. Asset Valuation Practice Rules – Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);
8. Asset Valuation Practice Rules – Value of Enterprises (Zhong Ping Xie [2018] No. 38);
9. Asset Valuation Practice Rules – Intangible Assets (Zhong Ping Xie [2017] No. 37);
10. Asset Valuation Practice Rules – Real Estates (Zhong Ping Xie [2017] No. 38);
11. Asset Valuation Practice Rules – Machinery and Equipment (Zhong Ping Xie [2017] No. 39);
12. Guidelines on Valuation Reports of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);
13. Guidelines on Quality Control of the Business of Asset Valuation Institutions (Zhong Ping Xie [2017] No. 46);
14. Guiding Opinions on Value Types in Asset Valuation (Zhong Ping Xie [2017] No. 47);
15. Guiding Opinions on Legal Ownership of the Subjects of Asset Valuation (Zhong Ping Xie [2017] No. 48);
16. Guidance Opinions on Valuation of Real Estates for Investment (Zhong Ping Xie [2017] No. 53).

(IV) On the basis of titles

1. Contract for Land Use Right Assignment of State-owned Construction Land and the Supplementary Agreement;
2. Certificate of Real Estate Ownership (Jing [2019] Feng Real Estate Ownership No.0002846);
3. Building Permit (Di Zi No.110106201300058 (2013 Gui (Feng) Di Zi No.0028));
4. Technical Report on Measurement of Property Area;
5. Other relevant certificates of ownership.

(V) Pricing basis

1. Financial statements as at the valuation benchmark date provided by the enterprise;
2. Other relevant information recorded and collected by the appraisers in on-site inspections;
3. Other information related to this asset valuation.

(VI) On the basis of other references

1. The asset list and valuation report form provided by the target company;
2. Database of China Enterprise Appraisals Consultation Co., Ltd.

VII. Valuation methods

Income Approach refers to the valuation method of the capitalization or discount of the forecast income of the valuation object to determine its value.

Marketing Approach refers to the valuation method of comparison of the valuation object with comparable listed companies or comparable transactions to determine its value.

Asset-based approach refers to the valuation method of valuing various assets and liabilities on the balance sheet and identifiable off-balance sheet based on the balance sheet of the valuation object as at valuation benchmark date to determine its value.

Assets Valuation Practicing Standards – Enterprise Value (《資產評估執業準則–企業價值》) provides that, execution of valuation of enterprise value to be based on valuation objectives, valuation object, types of values and information collection, analyzing the suitability of the three fundamental approaches of income approach, marketing approach and asset-based approach, and choosing the approach for valuation. For those with various suitable valuation approaches for valuating enterprise values, assets valuation professionals should adopt two or above approaches for valuation.

The approach chosen for this valuation is income approach and asset-based approach for the following reasons:

(I) Income Approach

This valuation adopt the cash flow discount approach of the income approach for valuing the overall value of an enterprise to indirectly obtain all equities value of shareholders. The overall value of an enterprise comprises operating asset value from normal operating activities and non-operating asset value unrelated to normal operating activities. Free cash flow discount model of enterprise is chosen for determining operating asset value, i.e. by adding the total after applying appropriate discount rate, based on the free cash flow of an enterprise in a certain future year. The calculation model is as follows:

All equities value of shareholders = Overall value of enterprise – Value of interest bearing debts

1. Overall value of enterprise

Overall value of enterprise refers to the sum of all equities value of shareholders and value of interest bearing debts. According to the allocation and use of assets of the target company, the formula for calculating overall value of enterprise is as follows:

Overall value of enterprise = operating asset value + value of surplus assets+ value of non-operating assets and liabilities

(1) Operating assets value

Operating assets refers to the assets and liabilities involved in the forecast of free cash flow of enterprise related to the production and operation of the target company upon valuation benchmark date. The formula for calculating operating assets value is as follows:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Of which: P: Value of operating assets of an enterprise as at valuation benchmark date;
 F_i : Forecast free cash flow of an enterprise upon year i from valuation benchmark date;
 F_n : Forecast free cash flow of an enterprise in the year of the end of the forecast period;
r: Discount rate (weighted average capital cost, WACC) ;
n: Forecast period;

- i : i th year of the forecast period;
 g : growth rate of the perpetual period.

Of which, the formula for calculating free cash flow of an enterprise is as follows:

Free cash flow of enterprise = Net profit before interest and after tax + Depreciation and amortization – Capital expenditure – increase in working capital

Of which, the formula for calculating the discount rate (weighted average capital cost, WACC) is as follows:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1 - t) \frac{D}{E + D}$$

- Of which:
- K_e : Cost of equities capital;
 - K_d : Cost of capital of interest bearing debts;
 - E : Market value of equities;
 - D : Market value of interest bearing debts;
 - t : Income tax rate.

Of which, capital assets pricing model (CAPM) is adopted for calculating equities capital cost. The formula for calculation is as follows:

$$K_e = r_f + \text{MRP} \times \beta + r_c$$

- Of which:
- r_f : risk-free interest;
 - MRP: Market risks premium;
 - β : system risk coefficient of equities;
 - r_c : risk adjustment coefficient specific to an enterprise.

(2) Value of surplus assets

Surplus assets refers to assets exceeding the operation needs of an enterprise on valuation benchmark date and not involved in the forecast of free cash flow of an enterprise after valuation benchmark date.

(3) Value of non-operating assets and liabilities

Non-operating assets and liabilities refers to assets and liabilities unrelated to the production and operation of the target company and not involved in the forecast of free cash flow of an enterprise after valuation benchmark date.

2. Value of interest bearing liabilities

Interest bearing liabilities refers to liabilities requiring interest payment for the target company as at valuation benchmark date.

(II) Asset-based approach**1. Current assets**

- (1) Currency funds, mainly bank deposit, determining the appraised value after verifying bank statements and bank confirmations etc.
- (2) Other receivables

The valuers study to understand the reasons for the formation of other receivables, information of receivable units and individuals and recollection of other receivables in the past years etc. for the target company. Based on important principles, evaluator(s) confirm other receivables of large amount or longer age, check the corresponding contract(s) randomly and determine the appraised value by adopting individually identified method while evaluate the bad debt provision for other receivables accrued as at valuation benchmark date as zero.

2. Investment properties

Based on relevant factors such as valuation objectives, valuation object, types of values and information collection etc., as well as applicable factors of valuation approach, the main valuation approach for similar valuation object is market approach and income approach. This valuation choose market approach and income approach for the following reasons:

(1) Income approach

The valuation object is office properties and is profitable. As similar leasing market is relatively active with more cases, income approach is used for evaluation.

(2) Market approach

The valuation object is office properties with many transaction cases of similar surrounding properties. Market approach is suitable as it falls into the scope of application of the approach.

(3) Cost approach

As market approach and income approach better reflect the objective market value of the valuation object as compared to cost approach and cost approach will only be adopted as a supplementary valuation approach in the case that both income approach and market approach are not suitable in the absence and inadequacy of market reference, therefore, cost approach is not chosen for this valuation.

(4) Hypothetical development approach

As the valuation object is existing property and not land to be developed (raw land, undeveloped land, cultivated land) or construction in progress or old property which can be renovated or changed its use (including renovation, alteration and expansion) and not property with potential for investment development or redevelopment, so hypothetical development approach is not suitable.

In summary, market approach and income approach is adopted for this valuation.

3. Machinery and equipment

The machinery and equipment breakdown provided by the enterprise is checked so that the accounting books were consistent with the accounting statements, while confirming ownership by verifying the contracts, legal ownership certificates and accounting vouchers. On this basis, professional construction and technical personnel conduct necessary on-site inspection and verification.

According to the purpose of valuation and the principle of continuous use, the replacement cost method is mainly adopted for the valuation based on the market price, with consideration given to the characteristics of the appraised machineries and the information collected.

Appraised value = Full replacement cost × Integrated residue ratio

(1) Determination of full replacement cost

As installation is not required for reported electronic equipment assets and is purchased locally, therefore full replacement cost generally includes: tax-exclusive purchase price of equipment. The formula for calculating full replacement cost of equipment is as follows:

Full cost of equipment = Purchase price/(1+16%)

(2) Determining integrated residue ratio

For small equipment such as electronic equipment, its integrated residue ratio is mainly determined by its economic life. The calculation formula is as follows:

Life-determined residue ratio = (economic life – used life)/economic life × 100%

4. Other intangible assets

Market approach is adopted for valuation based on relevant factors such as characteristics of intangible assets, types of value in valuation and information collection. The details is as follows: (1) for purchased software available on the market as at the valuation benchmark date, the appraised value is based on market price on the valuation benchmark date; (2) for purchased software available on the market with an upgraded version as at the valuation benchmark date, the appraised value is based on market price on the valuation benchmark date after deducting the software upgrade fees and; (3) for those not in use on the valuation benchmark date, it is directly valued to be zero.

5. Liabilities

Liabilities of this valuation include current liabilities and non-current liabilities. For valuation of current liabilities include accounts payable, tax payable, interest payable, other payables and long-term borrowings, original evidences and relevant information were verified based on various item breakdowns provided by the enterprise and the appraised value is determined by the verified carrying amount. For valuation of deferred income tax liabilities, as it is generated from fair model measurement of investment properties and this valuation forecast them as assets of going concern with income tax in the process of going concern has been considered in the valuation forecast, therefore, the deferred income tax liabilities is directly valued to be zero.

VIII. Implementation Process of Valuation Procedures

The valuers implemented valuation of the assets and liabilities of the valuation object from 25 January 2019 to 9 April 2019. The implementation process of the main valuation procedures is as follows:

(I) Entrustment acceptance

In January 2019, we reached an agreed understanding with our client on the basics of the valuation such as valuation objectives, valuation object and valuation scope, valuation benchmark date as well as rights and obligations of the parties, and formulated corresponding valuation plan with our client after negotiation.

(II) Preparation

1. Formulation of valuation plan
2. Formation of valuation team
3. Implementation of project training

In order to guarantee the quality of the valuation, enhance efficiency and implement the formulated asset valuation plan, we have briefed the project team members the background of economic behavior of the project, characteristics of the assets of the valuation object, technical ideas of the valuation and specific operational requirements.

(III) On-site inspection

The valuers conducted necessary thorough checking of the assets and liabilities of the valuation object from 25 January 2019 to 31 January 2019 and conducted necessary due diligence of the operational management of the target company.

1. Guidance to the target company on filling and preparation of information to be provided to valuation agency

The valuers guided the financial and assets management personnel of the target company on filling the “Asset Valuation Schedule” provided by the valuation agency and its filling requirements, information list on the basis of voluntary asset inspection, and accurately filled in details assets included in the scope of valuation while collected and prepared property ownership certificate documents and documents that reflect performance, status, economic and technical indicators, etc.

2. Preliminary review and improvement of the Asset Valuation Schedule filled in by the target company

The valuers understood the detailed status of the specific assets included in the valuation scope by reviewing the relevant information, then carefully reviewed various “Asset Valuation Schedules” and checked for any items incomplete, filled incorrectly and assets not clear, as well as any omissions based on experience and information obtained while gave feedback to the target company on improvement of the “Asset Valuation Schedules”.

3. On-site inspection

Based on the types, quantities and distribution of assets included in the valuation scope, the valuers conducted on-site inspection of various assets based on the relevant requirements of assets valuation standards with the cooperation of relevant personnel of the target company and adopted various inspection methods according to different nature and features of assets.

4. Supplement, modification and improvement of the Asset Valuation Schedule

The valuers further improved the Asset Valuation Schedule based on the results of the on-site inspection and extensive communication with relevant personnel of the target company, so that the accounting books were consistent with the accounting statements and the accounting records were consistent with the actual situation.

5. Verification of property ownership certificate documents

The valuers verified property ownership certificate documents of assets such as inventory included in the scope of valuation.

6. Due diligence

In order to fully understand the management and the risk exposure of the target company, the valuers conduct necessary due diligence, the main contents of which is as follows:

- (1) History, major shareholders and shareholding percentage, necessary property rights and management structure of the target company;
- (2) Management of assets, finance and operation of the target company
- (3) Operation plan, development planning and forecast financial information of the target company;
- (4) Valuation and transaction of the valuation object and target company in the past;
- (5) Macro and regional economic factors affecting the target company;
- (6) Development and prospect of the industry of the target company;
- (7) Other relevant information.

(IV) Information collection

The valuers collected information for the valuation based on the specifics of the valuation project, including information directly obtained from channels such as market, information obtained from relevant parties such as our client, and information obtained from various professional bodies and other relevant departments, and conducted necessary analysis, conclusion and compilation of the valuation information collected, serving as reference for valuation estimation.

(V) Valuation estimation

The valuers adopted the formulas and parameters for analysis, calculation and determination based on the specific situation of various types of assets and the chosen valuation approach to arrive at preliminary valuation conclusion. The project manager summed up the preliminary conclusion of valuation of various assets and prepared report of the preliminary assets valuation.

(VI) Internal audit

According to the requirements of our administrative measures for assessment of business process, the project manager submit internal audit after completing the preliminary assets valuation report. After completion of the internal audit, the project manager communicate with our client or other relevant parties agreed by our client on the contents of the assets valuation report, and issue and submit the assets valuation report with reasonable revision based on the feedback.

IX. Assumptions of Valuation

The assumptions adopted for the analysis and estimations in this asset valuation report are as below:

(I) General assumptions

1. It is assumed that there's no material change to China's prevailing law, regulations, policies and macroeconomic conditions, and there's no material change to the political, economic and environment of the regions in which the parties to this transaction are located;
2. For the actual status of the assets as of the valuation benchmark date, it is assumed that the Company continues to be in operation;
3. It is assumed that, after the valuation benchmark date, there will be no material change in the interest rates, exchange rates, taxation basis and tax rates as well as levies under policies;
4. It is assumed that, after the valuation benchmark date, there will be no force majeure and unforeseeable factors which have material adverse effect on the target company.

(II) Special assumptions

1. It is assumed that, after the valuation benchmark date, the accounting policies adopted by the target company remain the same as those adopted in the preparation of this asset valuation report in material aspects;
2. It is assumed that, after the valuation benchmark date, the scope and methods of operation of the target company remain the same as the existing ones, based on the existing management methods and management levels;
3. It is assumed that, after the valuation benchmark date, the cash inflow and cash outflow of the target company are average inflow and average outflow respectively;

The conclusions of this asset valuation report are valid as of the valuation benchmark date under the above assumptions. In case there's any material change to the above assumptions, the signing asset appraiser and this valuation institution shall not be responsible for the different valuation conclusions due to the change of assumptions.

X. Results of Valuation**(I) Results of valuation in income approach**

As of the valuation benchmark date, the book value of total assets of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was RMB6,005,669,400, the book value of total liabilities was RMB2,317,177,100, and the book value of net assets was RMB3,688,492,300.

Total equity of shareholders assessed in the income approach was RMB3,805,901,200, the increase of value was RMB117,408,900, with the increase rate of 3.18%.

(II) Results of valuation in asset-based approach

As of the valuation benchmark date, the book value of total assets of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was RMB6,005,669,400, the assessed value was RMB7,801,252,600, the assessed increase of value was RMB1,795,583,200, with the increase rate of 29.90%. The book value of total liabilities was RMB2,317,177,100, the assessed value was RMB1,795,757,900, the assessed decrease of value was RMB521,419,200, with the decrease rate of 22.50%; the book value of net assets was RMB3,688,492,300, the assessed value was RMB6,005,494,700, the assessed increase of value was RMB2,317,002,400, with the increase rate of 62.82%. Please see the summary chart below for details of results of valuation in asset-based approach:

Summary Chart on Results of Valuation in Asset-based Approach

Valuation benchmark date: 31 December 2018

Unit for amounts: in RMB10 thousand

Items		Book Value A	Assessed Value B	Increase/ Decrease	Increase Rate%
				C=B-A	D=C/A × 100
Current assets	1	114,921.32	114,921.32	0.00	0.00
Non-current assets	2	485,645.62	665,203.94	179,558.32	36.97
of which: long term investment in equity	3	0.00	0.00	0.00	
Real estate of investment nature	4	485,500.00	665,057.70	179,557.70	36.98
Fixed assets	5	13.74	14.20	0.46	3.35
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	2.84	3.00	0.16	5.63
of which: land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	129.04	129.04	0.00	0.00
Total assets	11	600,566.94	780,125.26	179,558.32	29.90
Current liabilities	12	50,575.79	50,575.79	0.00	0.00
Non-current liabilities	13	181,141.92	129,000.00	-52,141.92	-28.79
Total liabilities	14	231,717.71	179,575.79	-52,141.92	-22.50
Net assets	15	368,849.23	600,549.47	231,700.24	62.82

(III) Conclusions of Valuation

The total equity of shareholders assessed in the asset-based approach was RMB6,005,494,700, the total equity of shareholders assessed in the income approach was RMB3,805,901,200, the difference between these two values was RMB2,199,593,500, with the difference rate of 36.63%.

The main reason for the difference is that the angle of consideration for and results from the return rate adopted in the income approach for real estate of investment nature in the asset-based approach are different from that of the discount rate adopted in the overall income approach, resulting in different results from these two approaches. Considering that the target company is in the real estate industry and its core assets are real estate of investment nature, the asset-based approach fairly reflects the value of real estate of investment nature as of the valuation benchmark date, and fairly reflects the values of other assets and liabilities, which are relatively realistic. Taking into account the actual situation of the target company and the purpose of this valuation, we believe that the results of valuation from the asset-based approach are relatively more stable and reasonable. Therefore, we finally use the values of valuation from the asset-based approach as the final results of valuation.

According to the above analysis, the result of valuation is adopted as the conclusion of this valuation report, i.e. the total equity of shareholders of Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) was RMB6,005,494,700.

In this asset valuation report, we have not considered the impact of premium or discount that may be incurred due to the right of control or lack of control on the value of valuation object.

XI. Notes on Special Matters

Below are relevant matters identified during the valuation process that may affect the conclusions of valuation but could not be assessed or estimated by the appraisers with their practice standards and professional capacities:

- (I) In this asset valuation report, any end difference between the total amount and the sum of items concerned in any description of amount in RMB10 thousand in the charts or texts is caused by rounding.
- (II) The audit report No. HAD-SA19-1008 issued by Beijing Hua An De Certified Public Accountants (北京華安德會計師事務所) on 3 April 2019 was used in this valuation. The asset valuation professionals analyzed and made judgements on the financial statements according to the requirements on the use of financial statements under the valuation approaches adopted, however, it is not the valuation professionals' responsibility to give professional opinions on whether the relevant financial statements have fairly reflected the financial conditions, the operating results of the period or the cash flow as of the valuation benchmark date.

- (III) According to the Guidance Opinions on Legal Ownership of Objects under Asset Valuation, our client and other relevant parties who engage asset valuation shall provide information such as the legal ownership of the object under asset valuation according to the law, and shall ensure its authenticity, integrity and legitimacy. The responsibility of asset appraisers is to conduct necessary inspection and disclosure of the information and the source thereof, without providing any guarantee on the ownership of the object under asset valuation, any confirmation on the legal ownership of the object under asset valuation, or giving any opinion which exceeds the practice scope of asset appraisers on special notes on situations in which valuation process is limited and the impact of such matter on the conclusions of valuation.
- (IV) As of the valuation benchmark date, project approval, land and land use planning, project planning, project construction, completion filing and other documents have been obtained for the Lize Financial Business Zone F-03 plot project. Subsequently, the Real Estate Ownership Certificate (Jing (2019) Feng Real Estate Ownership No.0002846) for office real estate was obtained on 23 January 2019, the Real Estate Ownership Certificate (Jing (2019) Feng Real Estate Ownership No.0005254) for parking space and commercial real estate were obtained on 21 February 2019. The ownership status etc. of real estates in this valuation was determined by relying on the Real Estate Ownership Certificates (Jing (2019) Feng Real Estate Ownership No.0002846 and No. 0005254).
- (V) According to the information provided by the target company, the total number of parking space included in this valuation as of the valuation benchmark date was 848. As line segmentation for the underground parking space has not been completed, the appraisers verified the difference between the construction area of one parking space of the valuation object ($54,181.68/848=63.89 \text{ m}^2$) and that of general projects by dividing the construction area of parking space (the sum of ownership area $24,505.69 \text{ m}^2$ and the civil air defense area of $29,675.99 \text{ m}^2$ (figures from the Report on Property Area Calculation Technology)) by the number of parking space. Upon verification, and considering the impact of underground space pipeline project, space utilization rate, parking difficulty and other factors, we believe that the planned number of parking space of the valuation object is generally consistent with the construction area, as such, this valuation was carried out based on the 848 planned parking space. Users of this report are reminded that, in case there's any difference between the number of parking space on which this valuation is based and the actual number of parking space, the results of this valuation may need to be adjusted or reassessed accordingly.
- (VI) Under the Construction Planning Permit, the planned construction area of office real estate is $120,717.00 \text{ m}^2$. Under the Supplemental Agreement to the Transfer Agreement on Land Use Right of State-owned Construction Land, the final planned construction area of office real estate is $121,536.78 \text{ m}^2$. Under the Real Estate Ownership Certificate, the construction area of office real estate is $125,425.82 \text{ m}^2$. In this valuation, the construction area of office real estate was determined based on the Real Estate Ownership Certificate. According to the information provided by the target company, the difference of areas was due to the difference between the measurement and calculation approach of construction area set out in the Real Estate Ownership Certificate and the measurement approach for the Construction Planning Permit. The overall construction area of the project is in compliance with the requirements of the planning, land and resources authorities, no planning adjustment or payment of land premium is involved.

(VII) As of the valuation benchmark date, there were mortgages on the land use rights and certain buildings of the valuation object. Under the Mortgage Agreement, the mortgagees are Bank of Communications Co., Ltd. Beijing Dongdan Sub-branch and Beijing Rural Commercial Bank Co., Ltd. Dongcheng Sub-branch, the land use right of 17,206.49 m² and construction in progress from the 4th floor underground to the 5th floor on the ground of 44,000 m² were mortgaged, with the mortgage period from 15 December 2015 to 30 April 2031, the mortgage loan amount is RMB1,290,000,000. Certain real estate of the valuation object has lease rights, details of which are as below:

No.	Name of Lessee	No. of Leased Unit	Lease Area (m ²)	Rent Commencement Date	Rent Ending Date
1.	Beijing Yong Yuan Xing Real Estate Co., Ltd.	Nos. 3-5 on 10/F	763.82	2019.01.01	2021.12.31
2.	Beijing Dream Plus Information Technology Co., Ltd.	8/F-9/F	6,844.78	2018.11.01 2021.11.01 2024.11.01	2121.10.31 2024.10.31 2026.10.31
3.	Hualian Ka Shijia (Beijing) Catering Management Co., Ltd.	1/F Lobby Southwest Side Unit	131.10	2019.03.01 2022.03.01	2022.02.28 2025.02.28
4.	Beijing Laijin Yuxuan Trading Co., Ltd.	1/F Lobby West Side Unit	17.00 17.00	2019.05.01 2022.05.01	2022.04.30 2025.04.30
5.	Wanyan Zhenhai	Nos. 7-8 on 10/F	390.33	2019.04.01	2021.03.31
6.	Chuang Zao Feng	1/F Lobby North Side Unit	61.00 61.00	2019.03.01 2022.03.01	2015.02.28 2025.02.28
Total			8,208.03		

Apart from the above, there are no other third party right or outstanding land premium. In this valuation, the impact of the above leasehold rights and mortgage rights has been taken into account.

Users of this asset valuation report shall be aware of the impact of the above special matters on the conclusions of valuation.

XII. Notes on the limitations of use of this asset valuation report

- (I) this asset valuation report can only be used for the valuation purpose and use as set out in the asset valuation report by the users of asset valuation report as stated herein. Any excerpt, reference or disclosure in public media of all or any part of this asset valuation report shall be subject to review of the relevant contents by the valuation institution, except as otherwise provided by law, regulations or agreed by the relevant parties;
- (II) in case our client or other user of this asset valuation report uses this report in violation of the law, administrative regulations or the scope of use specified in this asset valuation report, the asset valuation institution and other asset valuation professionals shall not be liable;
- (III) Apart from our client, other users of this asset valuation report as agreed in the Engagement Agreement for Asset Valuation and other users of this report as provided by the law or administrative regulations, no institution or person shall be the user of this asset valuation report;
- (IV) Users of this asset valuation report shall properly understand the conclusions of valuation. Conclusions of valuation are not equivalent to and shall not be considered as guarantee for the prices at which the valuation object can be realized;
- (V) This asset valuation report can only be formally used after being signed by the asset appraiser who undertakes the valuation business, stamped with the official seal of the valuation institution, and filed with the state-owned assets supervision and administration authority;
- (VI) The conclusions of valuation specified in this asset valuation report are only valid for the economic behaviors described in the report, and shall be valid for one year from the valuation benchmark date.

XIII. Reporting Date of Asset Valuation

This asset valuation report is issued on 9 April 2019.

Legal representative:

Asset Appraiser:

Beijing Enterprise Appraisal Co., Ltd.
(北京中企華資產評估有限責任公司)
9 April 2019

Appendices to the Asset Valuation Report

- Appendix I. Economic Behavior Documents;
- Appendix II. Special Audited Report of the Target Company;
- Appendix III. Copies of Business Licenses of our Client and the Target Company;
- Appendix IV. Copy of the Enterprise Property Ownership Registration Form;
- Appendix V. Proof of Major Ownership of the Valuation Object;
- Appendix VI. Undertaking by our Client and other Relevant Parties;
- Appendix VII. Undertaking by the Signing Asset Appraiser;
- Appendix VIII. Copy of the Asset Valuation Qualification Certificate of Beijing Enterprise Appraisal Co., Ltd.;
- Appendix IX. Copy of Business License of Beijing Enterprise Appraisal Co., Ltd.;
- Appendix X. Copy of Registration Card for the Professional Certificate of the Asset Appraiser;
- Appendix XI. Engagement Agreement for Asset Valuation.

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

- (a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).
- (b) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (c) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.
- (d) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

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

Name of Shareholders	Number of Shares directly and indirectly held	Class of shares	Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Capital Group	1,649,205,700 (Note 1)	Non-listed Shares	82.17 (long position)	–	82.17	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 (Note 1 & 2)	Non-listed Shares	–	17.83 (long position)	17.83	–	11.82 (long position)	11.82
Guoda Limited	357,998,300 (Note 3)	Non-listed Shares	–	17.83 (long position)	17.83	–	11.82 (long position)	11.82
China Resource Products Limited	357,998,300 (Note 4)	Non-listed Shares	13.71 (long position)	4.12 (long position)	17.83	9.09 (long position)	2.73 (long position)	11.82
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	4.12 (long position)	–	4.12	2.73 (long position)	–	2.73
Reco Pearl	121,814,000	H Shares	11.93 (long position)	–	11.93	4.02 (long position)	–	4.02
Recosia China Pte Ltd	121,814,000 (Note 5)	H Shares	–	11.93 (long position)	11.93	–	4.02 (long position)	4.02
Recosia Pte Ltd.	121,814,000 (Note 6)	H Shares	–	11.93 (long position)	11.93	–	4.02 (long position)	4.02
GIC	121,814,000 (Note 7)	H Shares	–	11.93 (long position)	11.93	–	4.02 (long position)	4.02

Notes:

1. 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.
2. 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. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl.
6. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl and Recosia China Pte Ltd.
7. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl, 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. INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or the controlling Shareholders or their respective close associates had interests in any business which competed or might compete with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules as at the Latest Practicable Date.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within the two years immediately preceding the issue of this circular and are or may be material:

- (a) the underwriting agreements dated 21 September 2017 entered into between the Company and Capital Securities Co., Ltd* (首創證券有限責任公司) and China International Capital Corporation Limited (中國國際金融股份有限公司), China Securities Co., Ltd. (中信建投證券股份有限公司) and Haitong Securities Co., Ltd.* (海通證券股份有限公司) in relation to the Company's proposed issue of domestic corporate bonds in the PRC, with an aggregate principal amount of not more than RMB10 billion in one or more tranches to be listed for trading or to be transferred through bidding on the Shanghai Stock Exchange;

- (b) the cooperation agreement dated 29 September 2017 entered into between Capital (Tianjin) Property Management Limited* (首創(天津)置業管理有限公司) and Tianjin Longhu Property Co., Ltd.* (天津龍湖置業有限公司) in relation to the acquisition of 50% equity interests in Tianjin Rui Bin Real Estate Co., Ltd* (天津睿濱置業有限公司) at a consideration of RMB15,000,000, which also involves the provision of shareholders' loans of RMB342,115,000 to Tianjin Rui Bin Real Estate Co., Ltd* (天津睿濱置業有限公司) and the repayment of RMB329,330,000 of early advance to Tianjin Longhu Property Co., Ltd* (天津龍湖置業有限公司);
- (c) the asset management agreement dated 19 December 2017 entered into between the Company, First Capital Securities Co., Ltd.* (第一創業證券股份有限公司) and Industrial Bank Co., Ltd.* (興業銀行股份有限公司) in relation to the Company's permission to engage First Capital Securities Co., Ltd.* (第一創業證券股份有限公司) for the management of up to RMB2,000,000,000 for three years from the effective date of the asset management agreement;
- (d) the acquisition agreement dated 22 December 2017 entered into between Beijing Kai Yuan He An Investment Management Company Limited* (北京開元和安投資管理有限公司), the Company, Capital Chaoyang Real Estate Development Company Limited* (首創朝陽房地產發展有限公司), Reco Yanshan Private Limited, Bantex Investments Limited, Tiancheng Yongyuan and BECL Investment Holding Limited in relation to the purchase of the commercial property located in Feng Tai District, Beijing, the PRC for a total consideration of RMB1,316,020,000 in cash;
- (e) the acquisition agreement dated 13 March 2018 entered into between Tianjin Xingtai Jihong Real Estate Co., Ltd.* (天津興泰吉鴻置業有限公司), a wholly-owned subsidiary of the Company, and Tianjin Metro (Group) Company Limited* (天津市地下鐵道集團有限公司) in relation to the acquisition of the 51% equity interest in Tianjin TJ-Metro MTR Construction Company Limited* (天津城鐵港鐵建設有限公司) from Tianjin Metro (Group) Company Limited* (天津市地下鐵道集團有限公司) for a total consideration of RMB1,831,000,000;
- (f) the cooperation agreement dated 2 April 2018 entered into between Capital (Tianjin) Property Management Company Limited* (首創(天津)置業管理有限公司), a wholly-owned subsidiary of the Company, Tianjin Zhaosheng Real Estate Company Limited* (天津招勝房地產有限公司), Beijing Fangxing Yicheng Properties Limited* (北京方興亦城置業有限公司), Tianjin Real Estate Development (Group) Company Limited* (天津市房地產發展(集團)股份有限公司), Nanjing Renyuan Investment Company Limited* (南京仁遠投資有限公司) and Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) in relation to, among other things, the acquisition of 19.8% equity interests in Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) at the consideration of RMB39,600,000 and the provision of funds for development of the site project located in Tianjin City held by Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) of RMB950,004,000 by Capital (Tianjin) Property Management Company Limited* (首創(天津)置業管理有限公司);

- (g) the properties transaction contract dated 11 April 2018 entered into between the Company, Capital Group, 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責任公司) in relation to, among other things, the disposal of 10% equity interests of 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) to Capital Group by the Company at RMB23,200,000;
- (h) the cooperation agreement dated 30 May 2018 entered into between Beijing Zhongrui Kaihua Investment and Management Co., Ltd.* (北京中瑞凱華投資管理有限公司), a wholly-owned subsidiary of the Company, the Beijing Xuhui Business Management Co., Ltd.* (北京旭輝企業管理有限公司), Beijing De Jun Land Development Company Limited* (北京德俊置業有限公司), Beijing Tai Da He Xin Investment and Management Co., Ltd.* (北京泰達和信投資管理有限公司), the Beijing Le You Fu Tuo Investment Company Limited* (北京樂優富拓投資有限公司), Beijing Yan Du Shui Jun Real Estate Development Company Limited* (北京燕都水郡房地產開發有限公司) and Beijing Yuan Chuang Zhong Hui Real Estate Development Company Limited* (北京遠創中輝房地產開發有限公司) in relation to Beijing Zhongrui Kaihua Investment and Management Co., Ltd.* (北京中瑞凱華投資管理有限公司)'s acquisition of 25% equity interests in the Beijing Le You Fu Tuo Investment Company Limited* (北京樂優富拓投資有限公司) held by the Beijing Xuhui Business Management Co., Ltd.* (北京旭輝企業管理有限公司) for a total consideration of RMB250,000 (the final consideration for equity interests will be determined based on the approved value of the State-owned Assets Supervision and Administration Commission of the State Council's evaluation) and the provision of funds for development of the site in the form of a loan to the Beijing Yuan Chuang Zhong Hui Real Estate Development Company Limited* (北京遠創中輝房地產開發有限公司) in an amount not exceeding RMB742,000,000;
- (i) the equity transfer agreement dated 5 June 2018 entered into between the Company, Central Plaza Development Ltd., a wholly-owned subsidiary of the Company, and Transcend Avenue Limited in relation to the disposal of 59.5% equity interests (and accordingly, 34% income rights) in Beijing Financial Street International Hotel Limited* (北京金融街國際酒店有限公司) by the Company and Central Plaza Development Ltd. to Transcend Avenue Limited at a consideration of RMB667,025,000;
- (j) in connection with the cooperation agreement dated 3 April 2018, the supplemental cooperation agreement dated 12 June 2018 entered into between Capital (Tianjin) Property Management Company Limited* (首創(天津)置業管理有限公司), a wholly-owned subsidiary of the Company, Tianjin Zhaosheng Real Estate Company Limited* (天津招勝房地產有限公司), Beijing Fangxing Yicheng Properties Limited* (北京方興亦城置業有限公司), Nanjing Renyuan Investment Company Limited* (南京仁遠投資有限公司) and Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) in relation to further subscription of 4.9% equity interests in Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) for a consideration not exceeding RMB9,800,000 and provision of funding of not more than RMB235,102,000 to Tianjin Hefa Real Estate Development Company Limited* (天津合發房地產開發有限公司) by Capital (Tianjin) Property Management Company Limited* (首創(天津)置業管理有限公司);

- (k) the amended non-competition deed dated 10 October 2018 entered into between the Company and Beijing Capital Grand Limited, replacing the non-competition deed dated 28 June 2016;
- (l) the capital injection agreement dated 29 October 2018 entered into between Shenzhen Capital Investment Real Estate Co., Ltd.* (深圳首創投資置業有限公司), a wholly owned subsidiary of the Company, Shenzhen Runtou Consultancy Company Limited* (深圳市潤投諮詢有限公司), Guangdong Poly Real Estate Development Company Limited* (廣東保利房地產開發有限公司), Guangzhou Guangao Real Estate Development Company Limited* (廣州廣奧房地產發展有限公司), Guangzhou Changzhuo Business Consultancy Company Limited* (廣州昌卓商務諮詢有限公司) and Guangzhou Zengcheng District Runyu Properties Company Limited* (廣州增城區潤昱置業有限公司) in relation to (among others) the acquisition of 20% equity interests in the Guangzhou Zengcheng District Runyu Properties Company Limited* (廣州增城區潤昱置業有限公司) by Shenzhen Capital Investment Real Estate Co., Ltd.* (深圳首創投資置業有限公司) at RMB200,000,000 and the provision of shareholder's loans to Guangzhou Zengcheng District Runyu Properties Company Limited* (廣州增城區潤昱置業有限公司) of an amount not more than RMB722,529,700;
- (m) the capital provision agreement dated 19 November 2018 entered into between Shenzhen Capital Investment Real Estate Co., Ltd.* (深圳首創投資置業有限公司), a wholly-owned subsidiary of the Company, and Guangzhou Bizeng Real Estate Development Co., Ltd.* (廣州碧增房地產開發有限公司) (a PRC limited liability company which is subscribed as to 51% and 49% by Shenzhen Capital Investment Real Estate Co., Ltd.* (深圳首創投資置業有限公司) and Guangzhou Country Garden Real Estate Development Co., Ltd.* (廣州碧桂園房地產開發有限公司)) respectively in relation to, among other things, the further provision of capital of not more than RMB410,000,000 by Shenzhen Capital Investment Real Estate Co., Ltd.* (深圳首創投資置業有限公司) to Guangzhou Country Garden Real Estate Development Co., Ltd.* (廣州碧桂園房地產開發有限公司) by way of shareholders' loan;
- (n) the guarantee agreement dated 11 December 2018 entered into between the Company, Guangzhou Bizeng Real Estate Development Co., Ltd.* (廣州碧增房地產開發有限公司) and China Credit Trust Co., Ltd. (中誠信託有限責任公司), a trust company regulated by China Banking and Insurance Regulatory Commission, in relation to the Company providing a guarantee of not more than RMB590,000,000 for Guangzhou Bizeng Real Estate Development Co., Ltd.* (廣州碧增房地產開發有限公司) in proportion to its equity interests and in respect of an undertaking by the Guangzhou Bizeng Real Estate Development Co., Ltd.* (廣州碧增房地產開發有限公司) to China Credit Trust Co., Ltd. (中誠信託有限責任公司) under the "2018 Integrated Investment Trust Scheme for China Credit Trust-Country Garden Zhengcheng Shiwei Road Project" (2018年中誠信託碧桂園增城獅尾路項目投資集合信託計劃) (the "Trust Scheme") to unconditionally top up the shortfall if the equity income of Guangzhou Biqing Real Estate Development Co., Ltd.* (廣州碧慶房地產開發有限公司) falls below the minimum investment returns for the equity income rights in Guangzhou Biqing Real Estate Development Co., Ltd.* (廣州碧慶房地產開發有限公司), for three years upon the expiry of the Trust Scheme;

- (o) the acquisition agreement dated 28 December 2018 entered into between Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司), a wholly-owned subsidiary of the Company, Beijing Capital Investment & Development Co, Ltd.* (首創投資發展有限公司) (a wholly-owned subsidiary of Capital Group) and Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) in relation to, among other things, (i) the acquisition by Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司) of the 30% equity interest in Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) held by Beijing Capital Investment & Development Co., Ltd.* (首創投資發展有限公司) at a consideration of RMB103,700, which is subject to the State-owned Assets Supervision and Administration Commission of the State Council's final approval and the loans owed by Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) to Beijing Capital Investment Development Limited* (首創投資發展有限公司) at the carrying amount of RMB69,577,448.66 in aggregate, and (ii) the provision of additional loans of not more than RMB73,000,000 in aggregate at the interest rate of 10% per annum to Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) by Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司); In addition, Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司), Beijing Capital Asset Management Co., Ltd.* (北京首創資產管理有限公司) and Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) entered into an assignment agreement on 28 December 2018, pursuant to which, amongst others, Beijing Capital Asset Management Co., Ltd.* (北京首創資產管理有限公司) will assign to Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司) the loans owed by Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) to Beijing Capital Asset Management Co., Ltd.* (北京首創資產管理有限公司) at the carrying amount of RMB25,116,620 in aggregate. Upon completion of assignment of such loans, the interest payable by Chongqing Haohua Land Ltd.* (重慶昊華置業有限公司) to Chongqing Capital Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司) will be based on the interest rate of 10% per annum.
- (p) the cooperation agreement dated 29 December 2018 entered into between Juyuan Xincheng (Tianjin) Commercial Management LLP* (聚源信誠(天津)商業管理合夥企業(有限合夥)), a wholly owned subsidiary of the Company, Zhejiang Sunac Chancheng Holdings Company Limited* (浙江融創產城集團有限公司), Hangzhou Yunhe Group Investment Company Limited* (杭州運河集團投資發展有限公司), Xiamen Rongdi Real Estate Co., Ltd.* (廈門融地置業有限公司) and the Hangzhou Rongxiang Real Estate Co., Ltd.* (杭州融祥置地有限公司) in relation to the acquisition of 36% equity interests in the Xiamen Rongdi Real Estate Co., Ltd.* (廈門融地置業有限公司) at RMB36,000,000 and the provision of the shareholder's loan of not more than RMB783,000,000 to Xiamen Rongdi Real Estate Co., Ltd.* (廈門融地置業有限公司) by Juyuan Xincheng (Tianjin) Commercial Management LLP* (聚源信誠(天津)商業管理合夥企業(有限合夥));
- (q) the loan agreement dated 24 January 2019 entered into between the Company and Tianjin Ruihe Real Estate Co., Ltd.* (天津瑞和置業有限公司), a direct wholly-owned subsidiary of a joint venture of the Group in relation to the Company providing Tianjin Ruihe Real Estate Co., Ltd.* (天津瑞和置業有限公司) a shareholder's loan in an aggregate principal amount of up to RMB1,200,000,000 for a term of not more than three years from the respective date(s) of drawdown, and the shareholder's loan shall bear interest at a rate of 8% per annum based on the principal amount drawn;
- (r) the partnership agreement dated 29 January 2019 entered into between Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司) and Shouju (Ningbo) Corporate Management Consulting Company Limited* (首鉅(寧波)企業管理諮詢有限公司), which are both indirect controlling subsidiaries of the Company, in relation to the

establishment of the limited partnership investment fund to be established and registered under the laws of the PRC with Beijing NOVA Corporate Management Consulting Co., Limited* (北京盛煦企業管理諮詢有限公司), Beijing Yusheng Property Management Co., Limited* (北京昱盛物業管理有限公司) and Beijing Mobo Management Consulting Co., Limited* (北京魔博管理諮詢有限公司) which involved Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司) and Shouju (Ningbo) Corporate Management Consulting Company Limited* (首鉅(寧波)企業管理諮詢有限公司) contributing RMB750 million, accounting for 25% of the fund size;

- (s) the cooperation agreement dated 20 February 2019 entered into between Beijing Capital Xindu Properties Limited* (北京首創新都置業有限公司), a wholly owned subsidiary of the Company, Beijing Dayang Zhicheng Investment Management Group Limited* (北京大洋致誠投資管理集團有限公司), Beijing Chaoyang District Shibalidianxiang Xizhihe Village Economic Cooperative* (北京市朝陽區十八里店鄉西直河村經濟合作社), and Beijing Zhicheng Xinda Property Management Limited* (北京致誠鑫達物業管理有限公司) in relation to the acquisition of 49% equity interests in Beijing Zhicheng Xinda Property Management Limited* (北京致誠鑫達物業管理有限公司) at a consideration of RMB4,900,000 and the provision of a shareholder's loan to Beijing Zhicheng Xinda Property Management Limited* (北京致誠鑫達物業管理有限公司) of not more than RMB910,000,000 by Beijing Capital Xindu Properties Limited* (北京首創新都置業有限公司);
- (t) the partnership agreement dated 26 February 2019 entered into between Shoujin Capital Management (Tianjin) Company Limited* (首金資本管理(天津)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), which are both wholly-owned subsidiaries of the Company, 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)), and Beijing Capital New Town Construction Investment Fund Management Company Limited* (北京首創新城鎮建設投資基金管理有限公司) in relation to the establishment of Beijing Shoujin Xing Bang Town Construction Investment Management Centre (Limited Partnership)* (北京首金興邦城鎮建設投資管理中心(有限合夥)) for development of shanty town renovation and environmental remediation projects in the cluster of Langezhuang Village – Dianshang Village, Dongxiaokou Town, Changping District, Beijing where Beijing Wan'an Jinrui Investment Management Co., Ltd.* (北京萬安金瑞投資管理有限公司) would contribute RMB700,000 as a general partner while Shoujin Capital Management (Tianjin) Company Limited* (首金資本管理(天津)有限公司) would contribute an amount of RMB349,300,000 as a limited partner;
- (u) the underwriting agreement dated 27 March 2019 entered into between the Company, Capital Securities Co., Ltd* (首創證券有限責任公司), a connected person of the Company, China International Capital Corporation Limited (中國國際金融股份有限公司), China Merchants Securities Co., Ltd. (招商證券股份有限公司) and First Capital Investment Banking Co., Ltd. (第一創業證券承銷保薦有限責任公司) in relation to the Company's proposed issue of domestic corporate bonds in the PRC, with an aggregate principal amount of not more than RMB10 billion in one or more tranches to be eligible for bidding and transfer on the Shanghai Stock Exchange;
- (v) the letter of undertaking dated 17 May 2019 entered into between the Company and the Capital Group in relation to the Company's proposed issue of not more than 824,602,850 new ordinary domestic shares, not more than 510,378,000 ordinary H Shares with par value of RMB1.00 each, and not more than 178,999,150 ordinary non-H foreign shares with par value of RMB1.00 each;

- (w) the equity transfer agreement dated 20 May 2019 entered into between 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, Kunshan Venture Capital Company Limited* (昆山市創業投資有限公司) and Kunshan Guangsheng Real Estate Development and Management Company Limited* (昆山市廣盛房地產開發經營有限公司) in relation to, among others, the acquisition of 100% of the equity interest in Kunshan Guangsheng Real Estate Development and Management Company Limited* (昆山市廣盛房地產開發經營有限公司) held by Kunshan Venture Capital Company Limited* (昆山市創業投資有限公司) at a consideration of not more than RMB10,226,700, and the repayment of borrowings of RMB1,303,131,500 together with related interest thereon to Kunshan Venture Capital Company Limited* (昆山市創業投資有限公司) by Beijing Zhongzhi Dingfu Property Development Limited* (北京眾置鼎福房地產開發有限公司);
- (x) the Shoujin Dechuang Partnership Agreement dated 4 July 2019 entered into between Shoujin Yingchuang Investment and Management (Zhuhai) Company Limited* (首金盈創投資管理(珠海)有限公司), a wholly owned subsidiary of the Company, and Shouzheng Zefu Innovation Investment (Beijing) Co., Ltd.* (首正澤富創新投資(北京)有限公司) a wholly owned subsidiary of the Capital Securities Co., Ltd.* (首創證券有限責任公司), in relation to the formation of Shoujin Dechuang Fund involving RMB20,000,000 (representing 20% of the capital contribution) to be subscribed by Shoujin Yingchuang Investment and Management (Zhuhai) Company Limited* (首金盈創投資管理(珠海)有限公司) as a general partner and RMB80,000,000 (representing 80% of the capital contribution) to be subscribed by Shouzheng Zefu Innovation Investment (Beijing) Co., Ltd.* (首正澤富創新投資(北京)有限公司) as a limited partner;
- (y) the Shouzheng Dejin Partnership Agreement dated 4 July 2019 entered into between Shoujin Yingchuang Investment and Management (Zhuhai) Company Limited* (首金盈創投資管理(珠海)有限公司), a wholly owned subsidiary of the Company, and Shouzheng Desheng Capital Management Co., Ltd.* (首正德盛資本管理有限公司), a wholly-owned subsidiary of the Capital Securities Co., Ltd.* (首創證券有限責任公司), in relation to the formation of Shouzheng Dejin Fund involving RMB20,000,000 (representing 20% of the capital contribution) to be subscribed by Shouzheng Desheng Capital Management Co., Ltd.* (首正德盛資本管理有限公司) as a general partner and RMB80,000,000 (representing 80% of the capital contribution) to be subscribed by Shoujin Yingchuang Investment and Management (Zhuhai) Company Limited* (首金盈創投資管理(珠海)有限公司) as a limited partner; and
- (z) the guarantee agreement dated 15 July 2019 entered into between the Company and the Industrial Bank Co., Ltd. Guangzhou Branch in relation to the Company providing a joint liability guarantee of not more than RMB357,000,000 to Guangzhou Biqing Real Estate Development Co., Ltd.* (廣州碧慶房地產開發有限公司) in accordance with the Company's 51% indirect shareholding in Guangzhou Biqing Real Estate Development Co., Ltd.* (廣州碧慶房地產開發有限公司) for two years upon the expiry of the repayment obligation of the main debt of not more than RMB700,000,000.

6. LITIGATION AND CLAIMS

As at the Latest Practicable Date, there was no litigation or claim of material importance pending or threatened against any member of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

The qualifications of the expert who have given opinion or advice in this circular are as follows:

Name	Qualification
Cushman & Wakefield Limited	Independent property valuer
China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司)	Independent valuer

As at the Latest Practicable Date, each of the above experts does not have any 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 members of the Group.

Each of the above experts has given and has not withdrawn its written consents to the issue of this circular with the inclusion of its report/letter and the reference to its name included in this circular in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which have since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lee Sze Wai. Mr. Lee is a member of The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at Room 3071, 3/F Office, Block 4, No. 13 Kaifang East Road, Huairou District, Beijing, PRC.
- (c) The headquarter of the Company is at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, PRC.

- (d) The share registrar of the H Shares of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the place of business of the Company in Hong Kong at Suites 4602–05, One Exchange Square Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed “material contracts” in this appendix;
- (c) the Property Valuation Report, the text of which is set out in Appendix II to this circular;
- (d) the Valuation Report of Tiancheng Yongyuan, the summary of which is set out in Appendix III to this circular;
- (e) the written consents as referred to in the paragraph headed “expert’s qualification and consent” in this appendix;
- (f) the annual reports of the Company for the two financial years ended 31 December 2017 and 2018; and
- (g) this circular.

NOTICE OF EGM



首創置業股份有限公司

BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Beijing Capital Land Ltd. (the “**Company**”) will be held on Tuesday, 5 November 2019 at 9:00 a.m. at F17, Red Goldage, No.2, Guang Ning Bo Street, Beijing, People's Republic of China (the “**PRC**”) to consider and, if thought fit, pass the following resolutions. Capitalised terms defined in the circular dated 21 October 2019 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

“THAT

- (a) the transfer of 50% of the equity interests in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) to Bantex Investments Limited, by the Company through public tender in China Beijing Equity Exchange and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) executive director and president of the Company be and are hereby authorised to do all such acts and things and execute all such documents, and to take such steps which he may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Asset Transaction Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 21 October 2019

NOTICE OF EGM

Notes:

1. Voting arrangements

If you are a registered member of the Company, you are entitled to attend the EGM and cast your vote in person. If you are a registered Shareholder and do not plan to attend the EGM, you may appoint a proxy to exercise your rights at the EGM. You may also appoint separate proxies to represent respectively the number of the shares held by you as specified in each of your proxy forms and instruct your proxy(ies) to cast your vote(s) at the EGM.

If you are not a registered member of the Company (e.g. your shares are held through a nominee or broker), you may instruct them to appoint you as their proxy or corporate representative to attend and vote at the EGM.

2. Registration procedures for the EGM

Shareholders who intend to attend the EGM have to return the reply slip together with any necessary registration documents to the Company in person or by post or fax on or before Monday, 28 October 2019.

3. Proxy

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

4. Miscellaneous

- i. The duration of the EGM is expected not to exceed half a day. The Shareholders who attend the EGM shall arrange for their own transportation and accommodation at their own expenses.
- ii. All voting at the EGM will be conducted by poll.
- iii. Place of business of the Company in the PRC:

F17, Red Goldage
No. 2, Guang Ning Bo Street
Beijing, PRC
Telephone: 86-10-6652 3000
E-mail: ir@bjcapitaland.com.cn

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

Suites 4602–05,
One Exchange Square
Central
Hong Kong
Telephone: 852-2869 9098
Facsimile: 852-2869 9708

The Board as of the date of this notice comprises Mr. Li Songping (Chairman) who is a non-executive Director, Mr. Zhong Beichen (President), Mr. Li Xiaobin, Mr. Hu Weimin and Mr. Fan Shubin who are executive Directors, Mr. Su Jian who is a non-executive Director, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are independent nonexecutive Directors.