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

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

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**MAJOR TRANSACTION
ENTERING INTO THE
COOPERATION FRAMEWORK AGREEMENT**

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 5 to 10 of this circular.

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DEFINITIONS

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

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| “BC Chao Yang” | Beijing Capital Chao Yang Real Estate Development Co., Ltd.* (首創朝陽房地產發展有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “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 supervision of the Beijing Municipal Government, a controlling shareholder of the Company |
| “Company” | Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under 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) |
| “Century Golden Resources” | Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司), a company incorporated under the laws of the PRC with limited liability |
| “Cooperation Framework Agreement” | the cooperation framework agreement dated 24 June 2021 entered into between Shoujin Xinchuang and Jinyuan Hongda in relation to, among other things, the establishment of the Joint Venture Company and the transfer of the Economic Rights in the Property |
| “Director(s)” | the director(s) of the Company |
| “Economic Rights” | the rights to potential proceeds after tax (including but not limited to revenue and rental income) that will be received from the Property |
| “Estimate” | the estimated unaudited profit after tax of approximately RMB750,000,000 that may be realized by the Group in respect of the Transaction and detailed in the section headed “Financial impact of the Transaction and use of proceeds” in the “Letter from the Board” |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

DEFINITIONS

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| “Independent Third Party(ies)” | individuals or companies who or which are not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates |
| “Jinyuan Hongda” | Beijing Jinyuan Hongda Real Estate Co., Ltd.* (北京金源鴻大房地產有限公司), a company incorporated under the laws of the PRC with limited liability, a wholly-owned subsidiary of Century Golden Resources |
| “Joint Announcement” | the announcement jointly published by Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司) and the Company dated 9 July 2021 in relation to, among other things, the Merger |
| “Joint Venture Company” | Beijing Jinchuang Xinyang Real Estate Development Co., Ltd.* (北京金創新陽房地產開發有限公司), a joint venture of the Company established under the laws of the PRC with limited liability for the sole purpose of development and sales of the Project, which is respectively owned as to 49% and 51% by Shoujin Xinchuang and Yuancheng |
| “Latest Practicable Date” | 20 August 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Merger” | the proposed merger by absorption of the Company by Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司) in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement |
| “Merger Agreement” | the merger agreement dated 9 July 2021 entered into between Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司) and the Company in relation to the Merger |
| “PRC” | the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

DEFINITIONS

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|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Project” | the development and construction of the No. 5 Building under the Xanadu Project on a plot of land located in the first stage of Hujialou integrated residential and commercial area (呼家樓商務居住綜合區) in Chaoyang District, Beijing with a total granted site area of approximately 34,163 square meters |
| “Property” | the property to be ultimately constructed under the Project |
| “PwC” | PricewaterhouseCoopers Zhong Tian LLP |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time) |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Shoujin Xinchuang” | Shoujin Xinchuang (Tianjin) Real Estate Development Co., Ltd.* (首金新創(天津)置業發展有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Somerley” | Somerley Capital Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers Published by the SFC (as revised, supplemented or otherwise modified from time to time) |
| “Transaction” | the transfer of the Economic Rights in the Property by BC Chao Yang to the Joint Venture Company at a consideration of RMB2,300,000,000 pursuant to the Cooperation Framework Agreement |
| “Written Approval” | the written approval in relation to the Cooperation Framework Agreement and the transactions contemplated thereunder by Capital Group pursuant to Rule 14.44 of the Listing Rules |

DEFINITIONS

“Yuancheng” Beijing Yuancheng Real Estate Co., Ltd.* (北京源成置業有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Jinyuan Hongda

“%” per cent.

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

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

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

LETTER FROM THE BOARD



首創置業股份有限公司

BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

Non-executive Director:

Li Songping (*Chairman*)

Executive Directors:

Zhong Beichan (*President*)

Huang Ziquan

Hu Weimin

Fan Shubin

Non-executive Director:

Sun Baojie

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

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PRC

Place of business in the PRC:

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No. 98, Beilishi Road

Xicheng District

Beijing

PRC

Place of business in Hong Kong:

Suites 4602-05

One Exchange Square

Central

Hong Kong

24 August 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 24 June 2021 in relation to entering into the Cooperation Framework Agreement.

LETTER FROM THE BOARD

On 24 June 2021, Shoujin Xinchuang (an indirect wholly-owned subsidiary of the Company) and Jinyuan Hongda entered into the Cooperation Framework Agreement, pursuant to which the parties agreed to, among other things, to (a) establish the Joint Venture Company for investment and development of the Project; (b) regulate their respective rights and obligations in the Joint Venture Company; and (c) transfer of the Economic Rights in the Property by BC Chao Yang (an indirect wholly-owned subsidiary of the Company) to the Joint Venture Company at a consideration of RMB2,300,000,000. The Joint Venture Company is owned as to 49% and 51% by Shoujin Xinchuang and Yuancheng (a wholly-owned subsidiary of Jinyuan Hongda), respectively, and will not be accounted for as a subsidiary of the Company.

The purpose of this circular is to provide you with, among other things, further details of the Cooperation Framework Agreement and the transactions contemplated thereunder and such other information as required under the Listing Rules.

THE COOPERATION FRAMEWORK AGREEMENT

Date: 24 June 2021

Parties: (1) Shoujin Xinchuang (an indirect wholly-owned subsidiary of the Company); and
(2) Jinyuan Hongda.

Jinyuan Hongda and its ultimate beneficial owner(s) are not Shareholders of the Company and are Independent Third Parties.

The Joint Venture Company

Pursuant to the Cooperation Framework Agreement, the Joint Venture Company has been established on 28 June 2021 for the single purpose for the development and sales of properties in the Project. The Joint Venture Company is owned as to 49% and 51% by Shoujin Xinchuang and Yuancheng (a wholly-owned subsidiary of Jinyuan Hongda), respectively, and Shoujin Xinchuang and Yuancheng is entitled to nominate one director and two directors, respectively, to the board of directors of the Joint Venture Company. Accordingly, the Joint Venture Company will be accounted for as an associate of the Group and not a subsidiary of the Company.

Apart from the composition of the board of directors of the Joint Venture Company as mentioned above, Shoujin Xinchuang is entitled to nominate (a) a deputy general manager for review and approval for all business lines; (b) a financial controller; (c) managers for primary land development and procurement; and (d) deputy managers for design, engineering, cost and sales, and Yuancheng is entitled to nominate (i) a general manager; (ii) a deputy financial controller; (iii) deputy managers for primary land development and procurement; and (iv) managers for design, engineering, cost and sales.

LETTER FROM THE BOARD

Transfer of Economic Rights in the Property and the consideration

Upon the establishment of the Joint Venture Company, BC Chao Yang (a wholly-owned subsidiary of the Company) will transfer the Economic Rights in the Property to the Joint Venture Company at a consideration of RMB2,300,000,000, which will be paid in cash in two instalments of RMB1,150,000,000 each before 30 June 2021 and 31 December 2021, respectively. The consideration will be funded by shareholder loans provided by Shoujin Xinchuang and Yuancheng on a pro-rata basis in proportion to their respective equity interests in the Joint Venture Company pursuant to the Cooperation Framework Agreement. As of the Latest Practicable Date, the relevant parties have entered into a definitive agreement for such transfer of Economic Rights and the first instalment of the consideration has been paid.

Basis of determination of the consideration

The consideration for the transfer of Economic Rights was determined based on arm's length negotiations between the Shoujin Xinchuang and Jinyuan Hongda on normal commercial terms after taking into account of, among other things, (a) the estimated proceeds from the Economic Rights based on the estimated gross floor area of the Property as a whole and the recent market price between RMB150,000 per square meter and RMB200,000 per square meter for residential properties and approximately RMB55,000 per square meter for commercial properties, such properties being top end residential apartments and retail shops in No. 4 Building of the Xanadu Project which are comparable to the Property; and (b) the development prospects for the Property given the strong demand for high end residential properties and commercial properties in Chaoyang District, Beijing, the PRC and the prime location of the Project located in the core business district within the third ring in Beijing.

Subsequently, upon the Property meeting the pre-sale conditions of obtaining of the land use rights certificate, which is expected to be around May 2023, and subsequent approval for pre-sale of the Properties from the relevant PRC government authorities, which is expected to be around the third quarter of 2023, BC Chao Yang will apply to the relevant PRC government authorities for the transfer and registration of the Property to the Joint Venture Company and assist the Joint Venture Company to obtain the relevant ownership certificate(s) accordingly.

The Cooperation Framework Agreement will become effective from the date of execution by Shoujin Xinchuang and Jinyuan Hongda and the obtaining of the approvals from their respective shareholder(s), which have been satisfied as of the Latest Practicable Date. Save for the aforesaid, there are no other conditions precedents for the Cooperation Framework Agreement.

THE PROJECT

The Xanadu Project is situated on a plot of land located in the first stage of Hujialou integrated residential and commercial area (呼家樓商務居住綜合區) in Chaoyang District, Beijing, the PRC with a total site area of approximately 34,163 square meters and involves the development of five buildings identified by number in sequential order, of which No. 1 Building to No. 4 Building have been completed. As of the Latest Practicable Date, the school situated on the plot of land for the Project has not been relocated and demolished, and therefore the construction or sales for No. 5 Building has not yet commenced. The demolition works for the school is expected to be completed around March 2023 and the construction for No. 5 Building will commence subsequently. The No. 5 Building has a total site area of approximately 16,572 square meters, including a peripheral site area of approximately 5,081 square meters acquired on behalf of other parties (代征地) and the total net developable site area of approximately 11,492 square meters, and a planned gross floor area of approximately 51,778 square meters, and involves the development of residential properties, commercial properties, underground car park and related facilities for sale. The term of land use right for the plot of land is 70 years for residential, 40 years for commercial and 50 years for underground car parking. As of the Latest Practicable Date, the plot of land is held by BC Chao Yang (a wholly-owned subsidiary of the Company).

LETTER FROM THE BOARD

REASONS FOR AND BENEFIT OF ENTERING INTO THE AGREEMENT

The Company plans to invite Century Golden Resources, the parent company of Jinyuan Hongda and Yuancheng and a renowned real estate developer in the PRC with extensive experiences in the property development and operation of high-end residential and commercial real estate, large scale urban complex, tourism real estate, new industrial cities and characteristic towns, to jointly develop the Project in order to facilitate the creation of synergies drawing on the strengths and resources of the parties in the construction, sales and operations aspects and thus enhancing the competitiveness of the properties. The Group will retain 49% equity interest in the Joint Venture Company and will be able to continue to share the potential returns from the sales of the properties to be developed under the Project.

The Directors consider that the terms of the Cooperation Framework Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the shareholders as a whole.

FINANCIAL IMPACT OF THE TRANSACTION AND USE OF PROCEEDS

The first instalment of the consideration in respect of the Transaction of RMB1,150,000,000 paid in cash has increased the cash and cash equivalents of the total assets and the other payables of the total liabilities of the Group presented in the financial statements for the first half of 2021 by RMB1,150,000,000, respectively. Upon the future receipt of the remaining balance of the consideration of RMB1,150,000,000, the consideration in respect of the Transaction will be settled in full and the total assets and total liabilities of the Group will be increased by RMB2,300,000,000, respectively. During the period from the date of the definitive agreement and the actual transfer and registration of the Property to the Joint Venture Company, costs to be incurred for the Property will be paid by the Group first and then be reimbursed by the Joint Venture Company upon the completion of the transfer of the Property. The Board intends to use the net proceeds from the Transaction as the Group's general working capital.

After obtaining the land use rights certificate for the Project and fulfilling the requirements for revenue recognition under the Accounting Standards for Business Enterprises, it is expected that the Transaction will realize an unaudited profit after tax for the year ending 31 December 2023 of approximately RMB750,000,000, which is estimated by deducting the historical costs incurred for the Project and related taxes of approximately RMB1,550,000,000 responsible by the Group and involved in the Transaction from the consideration of RMB2,300,000,000. The principal assumptions for the calculation of the Estimate are that (a) the value added tax, income tax and land appreciation tax used in the calculation of the Estimate and the current tax rates for such taxes with reference to similar projects of the Group are applicable to the Transaction and remain unchanged; and (b) there will be no material changes to the laws and regulations, taxes and the economic conditions in the PRC. Save as aforementioned, there are no other principal assumptions for the calculation of the Estimate. Shareholders should note that the actual financial impact of the Transaction is subject to the audit by the Company's auditors and the actual circumstances of the Transaction, among others, the Land Appreciation Tax of the Project to be actually borne by the Group, and therefore the actual net gain may differ from the above-mentioned amounts.

Reference is made to the Joint Announcement and pursuant to Rule 10 of the Takeovers Code, the Estimate for the unaudited profit after tax of approximately RMB750,000,000 that may be realized by the Group in respect of the Transaction constitutes a profit forecast and has been reported on by the reporting accountant and the independent financial adviser of the Company under Rule 10.4 of the Takeovers Code. For further details, please refer to the letter from Somerley on the Estimate (the text of which is set out in Appendix II to this circular) and the letter from PwC on the Estimate (the text of which is set out in Appendix III to this circular).

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 25% but is less than 75%, the entering into of the Cooperation Framework Agreement constitutes a major transaction of the Company, and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules. In addition, the joint venture arrangement pursuant to the Cooperation Framework Agreement, having a single purpose for the development of the Project, was, among other things, made on arm's length basis on normal commercial terms and accordingly, the joint venture arrangement is exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Framework Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at the general meeting to approve the Cooperation Framework Agreement and the transactions contemplated thereunder.

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

As at the Latest Practicable Date, Capital Group has 2,473,808,550 shares in the Company (representing approximately 56.7% of the total issued shares in the Company). As the Company has obtained the Written Approval from Capital Group, no extraordinary general meeting will be convened by the Company for the purpose of approving the Cooperation Framework Agreement pursuant to Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

GENERAL INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 2868). The 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, integrated outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industrial property developments, cultural and creative industrial property developments and rental housing.

Shoujin Xinchuang

Shoujin Xinchuang is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development.

Jinyuan Hongda

Jinyuan Hongda is a company established under the laws of the PRC with limited liability and is principally engaged in property development. Jinyuan Hongda is wholly-owned by Century Golden Resources, which in turn is owned by Huang Tao (黃濤) and Huang Shiyong (黃世榮) as to 60% and 40%, respectively.

RECOMMENDATION

The Directors consider that the terms of the Cooperation Framework Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Had an extraordinary general meeting been convened for the approval of the Cooperation Framework Agreement and the transactions contemplated thereunder, the Directors would have recommended the Shareholders to vote in favour of the resolution(s) approving the Cooperation Framework Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, and the interim report of the Company for the six months ended 30 June 2021, respectively, which have been published and are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.bjcapitalland.com.cn>):

- The Annual Report 2018 of the Company for the year ended 31 December 2018 published on 21 March 2019 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0321/ltm20190321971.pdf>), please refer to pages 97 to 264 in particular.
- The Annual Report 2019 of the Company for the year ended 31 December 2019 published on 9 April 2020 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0409/2020040900493.pdf>), please refer to pages 101 to 248 in particular.
- The Annual Report 2020 of the Company for the year ended 31 December 2020 published on 12 April 2021 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0412/2021041201489.pdf>), please refer to pages 107 to 276 in particular.
- The Interim Report of the Company for the six months ended 30 June 2021 published on 10 August 2021 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0810/2021081001212.pdf>), please refer to pages 42 to 270 in particular.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2021, 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 RMB102,766,071,000 comprising:

- (a) outstanding bank borrowings of approximately RMB52,011,534,000, among which RMB800,000,000 were guaranteed by Capital Group, RMB600,000,000 were secured by the equity of subsidiaries of the Group, RMB2,771,590,000 were secured by properties and the land use rights, RMB9,532,467,000 were secured by certain relevant properties under development and RMB38,307,477,000 were unsecured;
- (b) other borrowings of approximately RMB7,757,701,000, among which RMB2,450,500,000 were secured by account receivables and RMB5,307,201,000 were unsecured; and
- (c) corporate bonds of approximately RMB42,996,836,000.

As at 30 June 2021, the Group provided (a) a guarantee for the amount of RMB153,000,000 for a long term borrowing of a subsidiary of a joint venture; (b) a guarantee for the amount of RMB704,600,000 for long term borrowings of associates; (c) a guarantee for the amount of RMB2,998,980,000 for long term borrowings of joint ventures; and (d) guarantees for the amount of RMB8,056,426,000 to secure repayments obligations of mortgage loan for certain customers.

As at 30 June 2021, lease liabilities of the Group was amounted to RMB1,385,575,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 June 2021 the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that following the Transaction, after taking into account the financial resources available to the Group including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmations(s) as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As disclosed in the Company's interim report for the six months ended 30 June 2021 published on 10 August 2021, the net profit attributable to owners of the Company decreased by around 73.4% as a result of, amongst others:

- (i) the decrease in investment income by approximately RMB547.1 million (or around 47.7%) for 1H2021 as compared to that in 1H2020 due to absence of one-off investment gains from business combination other than common control of approximately RMB680.4 million recorded in the corresponding period; and
- (ii) the losses arising from changes in fair value of approximately RMB131.6 million in 1H 2021 as compared with a gain arising from changes in fair value of approximately RMB291.2 million for the corresponding period in 2020, as a result of the (i) lower fair value gain reported for investment properties of approximately RMB128.7 million in 1H 2021 as compared to RMB305.4 million in the corresponding period in 2020; and (ii) negative impacts in the amount of approximately RMB245.3 million resulting from foreign exchange rate fluctuations on the Company's overseas projects and financial assets and liabilities,

despite,
- (iii) the increase in revenue of the Group by approximately RMB1,794.0 million for 1H 2021 as compared to that for the corresponding period in 2020 mainly attributable to the increase in revenue from sales of properties of approximately RMB1,721.0 million and rental income from investment properties of approximately RMB257.0 million; and

- (iv) decrease in financial expenses by approximately RMB298.7 million in 1H 2021 as compared to the corresponding period in 2020 mainly due to the increase in cost of capitalised interest deducted from the interest expense of approximately RMB518.9 million, netted off by the increase in interest expense of approximately RMB206.2 million.

Save as disclosed above, the Directors confirm that there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS

Looking out to the second half of 2021, although the factors further supporting economic recovery and improvement are gradually increasing, the Chinese economy will continue to face challenges, uncertainty and instability, and an uneven economic recovery. For the Chinese real estate industry, regulatory policies are unlikely to relax in the short term. The stringent regulations of the property market will remain unchanged in some major cities, and financial regulations for the industry will continue to tighten. Therefore, industry sales growth is expected to narrow, and regional performance will be clearly differentiated. Under the “Two Centralized” land transfer policy, the land market will be dramatically differentiated among cities. The land market in core cities will remain very hot, which will drive increasingly fierce competition in the industry and accelerate a survival of the fittest. While maintaining a prudent investment and operation strategy for traditional businesses, it will be vital for real estate companies to actively seek business transformation and upgrades to create new growth drivers.

Against this backdrop, the Group will continue to uphold “strengthening business foundation, pursuing progress while ensuring stable development” as its general principle, and pursue healthy, long-term and sustainable development by implementing the following strategies:

1. The Group will adhere to a “fast turnover” strategy and further execute “369 project construction standards”, while accelerating destocking, and further improving the quality and efficiency of contracted sales. The Group will also accelerate the implementation of its “Panshi Plan”, a management reform program, and upgrade its “Intelligently Made 2025” operating strategy, to accelerate inventory turnover and sell-through rates by improving the management of operations and enhancing product quality. Furthermore, the Group will reinforce cash collection while implementing strict cost controls, live within its means in terms of project deployment and cost, and strengthen employee performance evaluation and incentives for cash collection.

2. The Group will continue to implement a prudent investment strategy, strictly control the pace of investments, and make targeted investments by improving regional market know-how, setting strict investment criteria, selecting curated investment targets, and allocating resources based on market needs. In terms of land acquisition, the Group will leverage synergies across its diversified business and continue to acquire land with a non-competitive and differentiated approach to further advance its “Property Plus” land acquisition model. Therefore, the Group will make solid use of its portfolio of assets by adding primary land projects, and further adjust and optimize its business planning and asset structure.
3. The Group will proactively cultivate its innovative business, leverage the advantages of its diversified businesses, tap into the value of its portfolio of assets, and further enhance its asset operation and management capabilities. By integrating internal with external resources, the Group aims to build an asset-light business platform to achieve a sustainable, profitable and innovative business model. In addition, by expanding and integrating resources in the industry, and enhancing the benchmarking of its branded projects, the Group will enhance resource acquisition through synergies among its business lines in a bid to empower its core secondary development business through a diversified lineup of innovative business operations.
4. The Group will proactively expand funding channels and secure sufficient capital reserves by leveraging its credit strength and access to capital markets while controlling the scale of debt and curbing leverage. Meanwhile, the Group will take multiple measures to boost liquidity, optimize its asset structure, and further enhance its ability to manage risks. Lastly, by exploiting the combined strengths of “finance + property” of Prime Golden Capital, the Group aims to facilitate steady high-quality growth with the help of high-quality financing.

The following is the text of a letter from Somerley for the purpose of incorporation in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor China Building

29 Queen's Road Central

Hong Kong

The Board of Directors

Beijing Capital Land Ltd.

Block A, Fucheng Building

No. 98, Beilishi Road

Xicheng District

Beijing

The PRC

24 August 2021

Dear Sirs,

We refer to the unaudited profit after tax (the “**Estimate**”) estimated to be realised as a result of the Transaction as published in the letter from the Board in this circular. We note that the Estimate is regarded as a profit forecast under Rule 10 of the Takeovers Code. The Estimate is set out in section headed “Financial impact of the Transaction and use of proceeds” in the letter from the Board of this circular, of which this letter form part. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

We have discussed with the Directors the bases upon the Estimate were prepared. We have also considered the “Letter from PwC on the Estimate” dated 24 August 2021 issued to you, the text of which is set out in Appendix III of this circular, which stated that, PwC is of the opinion that so far as the accounting policies and calculations are concerned, the Estimate has been properly compiled in accordance with the bases and assumptions made by the directors set out on page 8 of the circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. The preparation of the Estimate is the sole responsibility of, and has been approved by, the Directors.

Based on the above, we are satisfied that the Estimate have been prepared by the Directors after due care and consideration.

Yours faithfully,

For and on behalf of

SOMERLEY CAPITAL LIMITED

Lyan Tam

Director

The following is the text of a letter from PwC for the purpose of incorporation in this circular.



普华永道

The Board of Directors
Beijing Capital Land Ltd.
Block A, Fucheng Building
No. 98 Beilishi Road
Xicheng District
Beijing
PRC

24 August 2021

Dear Sirs,

Beijing Capital Land Ltd. (the “Company”)

Estimate of the profit in respect of the transfer of the economic rights in No.5 Building of Xanadu Project (the “Proposed Transaction”)

We refer to the estimate of the profit after tax that may be realised by the Company and its subsidiaries (together, the “**Group**”) in respect of the Proposed Transaction (the “**Estimate**”) set out in the section headed “Financial Impact of the Transaction and Use of Proceeds” in the letter from the Board on page 8 of the circular of the Company dated 24 August 2021 (the “**Circular**”).

Responsibilities

The Estimate has been prepared by the directors of the Company based on an estimate of the profit in respect of the Proposed Transaction.

The Company’s directors are solely responsible for the Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Estimate based on our procedures.

Basis of opinion

We carried out our work with reference to Hong Kong Standard on Investment Circular Reporting Engagements 500, Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness issued by the Hong Kong Institution of Certified Public Accountants

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

(“**HKICPA**”) and with reference to China Standard on Other Assurance Engagements No.3101, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by Chinese Institute of Certified Public Accountant (“**CICPA**”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Estimate in accordance with the bases and assumptions made by the directors and as to whether the Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with China Standards on Auditing issued by the CICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Estimate has been properly compiled in accordance with the bases and assumptions made by the directors as set out on page 8 of the Circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the consolidated financial statements of the Company for the year ended 31 December 2020.

Yours faithfully,

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

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 May 2021.



27th Floor
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

24 August 2021

The Board of Directors
Beijing Capital Land Ltd.
Block A, Fucheng Building
No. 98 Beilishi Road
Xicheng District
Beijing
PRC

Dear Sirs,

Re: Valuation of the development site Beijing Xanadu Building No. 5 Project, North of Chaoyang Road, Hujialou, Chaoyang District, Beijing, the PRC

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 May 2021 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2020 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 2020 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 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, ZHONG LUN LAW FIRM (中倫律師事務所), regarding the titles to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the 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.

In respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities.

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, we have used Market Approach assuming sale of the property in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors. This method is in line with the market practice.

As the subject property was a developable site at the Valuation Date and land sales evidence is readily available in the local market, Market Approach is appropriate under such circumstances. We have examined current land transactions and our search was based on similar zoned parcels of land traded recently in the same district as the subject property. The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject property is unit rate per square meter of developable floor area of the land. The analysis of all comparable transactions is based on the same basis which is commonly used in the local market.

In the course of our valuation, we have considered the differences between the subject property and the comparable properties in terms of various factors and accordingly made due adjustments, including but not limited to the transaction time, location and environment, transport and accessibility, land use, size, plot ratio, development constraints, etc. If the comparable is similar to the subject property, no adjustment is necessary. However, if the comparable is superior to the subject property, downward adjustment would be made in order to derive the lower unit rate of the subject property. Likewise, if the comparable is inferior to the subject property, upward adjustment would be made.

We note a total of four most comparable land sales, all in the same district (Chaoyang District). We believe these comparables can reflect the recent market conditions and are good indicators of the recent market prices after due adjustments. The following paragraphs set out the major differing factors considered in deriving the value of the subject property.

Since the subject site is situated in the Central Business District of Beijing, upward adjustments were made to illustrate the relatively inferior location, environment, transportation, and land grade of all comparables.

Comparables are all larger than the subject site and upward adjustments were made to illustrate a higher rate per square meter in the smaller subject site. Meanwhile, the plot ratios of Comparables A, B and C are lower than that of the subject site and downward adjustments were made to illustrate the relatively higher building density.

Although with the same land use term in full, the subject site was traded in 2004 and the comparables currently have longer remaining land use term. Moreover, the subject site was more adversely affected by the more primitive pre-construction status involving demolition of existing buildings, relocation of existing occupiers, etc which would prolong the development period. Therefore, downward adjustments were made to the above factors.

MARKET VOLATILITY

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on property values after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the valuation date.

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 been provided with extracts of documents relating to the property in the PRC. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property and we have therefore relied on the advice given by the Company or the Company's legal adviser regarding the interests of the Company in the property in the PRC.

SITE INSPECTION

Ms. Dorothy Deng, Valuer of our Beijing Office, inspected the exterior and, wherever possible, the interior of the property on 21 June 2021. She has about 2 years' experience in property valuation in the PRC. 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.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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 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 future development in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 May 2021 | | | | | | | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------|--------------------|---------------|-------------|--------|------------|--------|--------------------|---------------|-------------|--|---------|--------|--------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| The development site Beijing Xanadu Building No. 5 Project, bordering Hujialou Xili Nan Street to the north, Beijing Xanadu 4# Apartment to the south, Planning Road to the west, Beijing Xanadu 3# Apartment to the east, North of Chaoyang Road Hujialou, Chaoyang District, Beijing, the PRC (中華人民共和國，北京市，朝陽區，呼家樓，朝陽路北側，北至呼家樓西裏南街，南至首創禧瑞都4號樓，西至規劃道路，東至首創禧瑞都3號樓，北京禧瑞都5號樓項目之土地) | <p>The property comprises a parcel of land (Beijing Xanadu Building No. 5 Project) with a net developable site area of 11,491.714 square-meter.</p> <p>The property is located in Central Business District of Beijing. Developments nearby are mainly office and residential in nature. The property is served by several public bus routes and is close to the Hujialou subway station.</p> <p>The total permitted gross floor area (“GFA”) of the property is 51,711 square-meter, excluding 67 square-meter of civil air defence works. The details are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Permitted GFA Square-meter</th> </tr> </thead> <tbody> <tr> <td>Aboveground</td> <td>34,622</td> </tr> <tr> <td>Residential</td> <td>15,054</td> </tr> <tr> <td>Commercial</td> <td>19,568</td> </tr> <tr> <td>Underground</td> <td>17,089</td> </tr> <tr> <td>Underground</td> <td></td> </tr> <tr> <td>Parking</td> <td>17,089</td> </tr> <tr> <td>Total</td> <td>51,711</td> </tr> </tbody> </table> | Use | Permitted GFA Square-meter | Aboveground | 34,622 | Residential | 15,054 | Commercial | 19,568 | Underground | 17,089 | Underground | | Parking | 17,089 | Total | 51,711 | <p>As at the Valuation Date, the property was a vacant land pending development. There was a 3-storey middle school, with a gross floor area of 8,156.2 square-meter, occupying as Beijing Chenjinglun High School (Hujialou Campus) and standing on a site of 7,091.23 square-meter. According to the Group, the existing 3-storey middle school is intended to be demolished after completion of the new middle school construction in a relocated site.</p> | <p>RMB2,115,000,000</p> <p>(RENMINBI TWO BILLION ONE HUNDRED AND FIFTEEN MILLION)</p> |
| Use | Permitted GFA Square-meter | | | | | | | | | | | | | | | | | | |
| Aboveground | 34,622 | | | | | | | | | | | | | | | | | | |
| Residential | 15,054 | | | | | | | | | | | | | | | | | | |
| Commercial | 19,568 | | | | | | | | | | | | | | | | | | |
| Underground | 17,089 | | | | | | | | | | | | | | | | | | |
| Underground | | | | | | | | | | | | | | | | | | | |
| Parking | 17,089 | | | | | | | | | | | | | | | | | | |
| Total | 51,711 | | | | | | | | | | | | | | | | | | |
| | <p>The land use rights of the property have been granted for terms of 70 years for residential use, 50 years for parking use and 40 years for commercial use. The signing date of the Grant Contract of State-owned Land Use Rights is 20 May 2004, the termination dates of the property are as follows:</p> <p>19 May 2074 for residential use;</p> <p>19 May 2044 for commercial use;</p> <p>19 May 2054 for underground parking use.</p> | | | | | | | | | | | | | | | | | | |

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights (國有土地使用權出讓合同) and its Supplementary Agreement (hereinafter together referred to as the “**Grant Contract**”) dated 20 May 2004, the land use rights of the property, together with other developed portions of the enlarged development, have been contracted to be granted to BC Chao Yang Real Estate Development Co., Ltd. (首創朝陽房地產發展有限公司) with details as follows:

| | | |
|------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Number | : | Jing Di Chu (He) Zi 2004 No. 0465 |
| Land Use | : | Residential, commercial and underground parking |
| Land Use Term | : | 70 years for residential use, 40 years for commercial use, 50 years for underground parking use |
| Site Area | | 34,163.004 square-meter |
| Permissible Gross Floor Area | | 186,788 square-meter |
| Land Premium | : | RMB190,866,350 |
| Remarks | : | As advised by the Company, the land premium has been fully settled. |
| Building Covenant | : | To complete construction of not less than 46,697 square-meter of works before 30 April 2005; To complete construction before 30 June 2008 |

Remarks:

As advised by the Group, the property is only a part of the granted land and constitutes the last phase of an enlarged development. The land premium has been fully settled.

- (2) According to the Grant Contract, the net developable site area of the entire project (Beijing Xanadu building Nos. 1-5) is 34,163.004 square-meter. According to State-owned Land Use Certificate (Jing Chao Guo Yong (2008 Chu) No. 0138), the net developable site area of the developed portions (Beijing Xanadu Building Nos. 1-4) is 22,671.29 square-meter. Thus, the net developable site area for the subject property (remaining portion of the entire project), Beijing Xanadu Building No. 5 Project, is 11,491.714 square-meter.
- (3) According to Planning Permit for Construction Use of Land (2003 Gui Di Zi No. 0397) dated 29 October 2003, the construction site of 79,682.68 square-meter has complied with the urban planning requirements.
- (4) According to Planning Permit for Construction Works (2005 Gui (Chao) Jian Zi No. 0687) dated 30 December 2005, the construction works of the project Beijing Xanadu Building Nos. 1-5 with a total permitted gross floor area of 186,788 square-meter is in compliance with the construction works requirements and has been approved.

- (5) The property has been granted with Permit for Commencement of Construction Works ((2015) Shi (Chao) Jian Zi No. 0236) dated 16 December 2015 and Permit for Commencement of Construction Works ((2015) Shi (Chao)) Jian Zi No. 0227) dated 2 December 2015. The details of specific construction projects are as follows:

| Use | Permit No. | Gross Floor Area (square-meter) | | |
|----------------------------------------------------------------------|------------------------------------|---------------------------------|-------------|-------------|
| | | Total | Aboveground | Underground |
| Beijing Xanadu Building No. 5 Project: Residential | (2015) Shi (Chao) Jian Zi No. 0236 | 15,054 | 15,054 | – |
| Beijing Xanadu Building No. 5 Project: Commercial | (2015) Shi (Chao) Jian Zi No. 0227 | 19,568 | 19,568 | – |
| Beijing Xanadu Building No. 5 Project: Civil Air Defence Works | (2015) Shi (Chao) Jian Zi No. 0227 | 67 | 67 | – |
| Beijing Xanadu Building No. 5 Project: Underground Engineering | (2015) Shi (Chao) Jian Zi No. 0227 | 17,089 | – | 17,089 |

- (6) According to Business Licence No. 9111000072261248XW dated 19 February 2021, BC Chao Yang Real Estate Development Co., Ltd. was established as a limited company on 8 August 2000 with a registered capital of RMB750,000,000 for a valid operating period from 8 August 2000 to 8 August 2050.

- (7) 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:

- (a) The Grant Contract of State-owned Land Use Rights between Beijing Municipal Bureau of Land Resources and Housing (北京市國土資源和房屋管理局) and BC Chao Yang Real Estate Development Co., Ltd. (首創朝陽房地產發展有限公司) is valid, legal and enforceable under the PRC laws;
- (b) Pursuant to the Grant Contract of State-owned Land Use Rights, BC Chao Yang Real Estate Development Co., Ltd. (首創朝陽房地產發展有限公司) is entitled to apply for registration of the land use rights of the subject project, obtain the corresponding land use rights certificate, and receive the subject project from the land grantor.
- (c) Pursuant to the Grant Contract of State-owned Land Use Rights and subject to payment of the land grant fee in full, BC Chao Yang Real Estate Development Co., Ltd. (首創朝陽房地產發展有限公司) is entitled to enjoy the corresponding property rights and interests in the subject project site based on the land grant contract, including the right to receive income from the assets of the subject project developed.
- (d) According to "Beijing State-owned Land Paid Use Charge Receipt No. 0070270", "Beijing State-owned Land Paid Use Charge Special Receipt No. 00104540" "Receipt", "Beijing Non-tax Income General Payment Form No. 000325156X" and "Special Tax Payment Form for Deed Tax of the People's Republic of China No. 0000214", etc. all the land transfer fees and deed tax for the land of the Xiruidu project has been fully paid.
- (e) The land use rights certificate of the property has not been obtained yet. Given that BC Chao Yang Real Estate Development Co., Ltd. has signed the Grant Contract of State-owned Land Use Rights according to the law and paid the full land transfer fee according to the agreement, BC Chao Yang Real Estate Development Co., Ltd. is entitled to apply and obtain the land use rights certificate. Thus, after the demolition and relocation of the existing middle school, there will be no legal impediment for BC Chao Yang Real Estate Development Co., Ltd. to register and obtain the land use rights certificate of the subject property,

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

| | |
|----------------------------------------------------------------------------|-----|
| Grant Contract of State-owned Land Use Rights and Supplementary Agreements | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Business Licence | Yes |

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.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

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

- (a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).
- (b) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (c) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2020 (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 | 2,473,808,550 (Note 1) | Non-listed Shares | 87.36 (long position) | – | 87.36 | 56.70 (long position) | – | 56.70 |
| Beijing Rongtong Zhenghe Investment Management Co., Ltd.* (北京融通正和投資管理有限公司) | 357,998,300 (Notes 1 and 2) | Non-listed Shares | – | 12.64 (long position) | 12.64 | – | 8.21 (long position) | 8.21 |
| Guoda Limited | 357,998,300 (Note 3) | Non-listed Shares | – | 12.64 (long position) | 12.64 | – | 8.21 (long position) | 8.21 |
| China Resource Products Limited | 357,998,300 (Note 4) | Non-listed Shares | 9.72 (long position) | 2.92 (long position) | 12.64 | 6.31 (long position) | 1.90 (long position) | 8.21 |
| Yieldwell International Enterprise Limited | 82,762,100 | Non-listed Shares | 2.92 (long position) | – | 2.92 | 1.90 (long position) | – | 1.90 |
| Reco Pearl Private Limited | 181,194,000 | H Shares | 11.83 (long position) | – | 11.83 | 4.15 (long position) | – | 4.15 |
| Recosia China Pte Ltd | 181,194,000 (Note 5) | H Shares | – | 11.83 (long position) | 11.83 | – | 4.15 (long position) | 4.15 |

* For identification only

| 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 |
| | | | | | | | | |
| Recosia Pte Ltd. | 181,194,000 (Note 6) | H Shares | – | 11.83 (long position) | 11.83 | – | 4.15 (long position) | 4.15 |
| GIC (Realty) Private Limited | 181,194,000 (Note 7) | H Shares | – | 11.83 (long position) | 11.83 | – | 4.15 (long position) | 4.15 |
| UBS Group AG | 95,948,746 (Note 8) | H Shares | – | 6.27 (long position) | 6.27 | – | 2.20 (long position) | 2.20 |

Notes:

- 2,473,808,550 Shares are directly held by Capital Group. As at the Latest Practicable Date, China Resource Products Limited is held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group is not deemed to be interested in 275,236,200 Shares held through China Resource Products Limited and 82,762,100 Shares held through China Resource Products Limited and Yieldwell International Enterprise Limited pursuant to the SFO.
- 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited and China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited, China Resources Products Limited and Yieldwell International Enterprise Limited.
- 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resources Products Limited and Yieldwell International Enterprise Limited.
- 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
- 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
- 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.
- 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.
- 95,948,746 Shares are deemed corporate interests pursuant to the SFO indirectly held through UBS AG, UBS Asset Management Switzerland AG, UBS O'Connor LLC and UBS Switzerland AG.

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.

As at the Latest Practicable Date, Mr. Li Songping is a director of Capital Group. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has 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.

4. LITIGATION

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

5. MATERIAL CONTRACTS

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

- (a) the asset transaction agreement dated 25 October 2019 entered into between the Company and Bantex Investments Limited, in relation to the disposal of 50% equity interests in Beijing Tiancheng Yongyuan Investment Management Co., Ltd.* (北京天城永元置業有限公司) by the Company to Bantex Investments Limited through public tender in China Beijing Equity Exchange for a total consideration of RMB3,025,130,808;
- (b) the placing agreement dated 9 December 2019 entered into between the Company, China International Capital Corporation Hong Kong Securities Limited (“CICC”), The Hongkong and Shanghai Banking Corporation Limited (“HSBC”), CMB International Capital Limited (“CMBI”) and Silk Road International Capital Limited (“Silk Road”), in relation to the placing of the unsubscribed H Shares and the H Shares that would have been provisionally allotted to overseas Shareholders under the proposed rights issue of 510,378,000 H Shares at the subscription price of HK\$1.87 per H Share on the basis of 5 H Shares for every 10 existing H Shares by the Company (the “H Share Rights Issue”) by CICC, HSBC, CMBI and Silk Road to independent third parties on a best effort basis and several (but not joint or joint and several) basis at the fee of 1.2% of the gross proceeds of such H Shares actually placed;

- (c) the underwriting agreement dated 9 December 2019 entered into between the Company, BCG Chinastar International Investment Limited, CMBI, HSBC and Silk Road in relation to the underwriting arrangement by BCG Chinastar International Investment Limited, CMBI, HSBC and Silk Road for the H Shares which are unsubscribed, not placed under the compensatory arrangements and unsold fractions of H Shares in accordance with their respective underwriting commitments under the underwriting agreement in respect of the H Share Rights Issue at the subscription price of HK\$1.87 per H Share;
- (d) the capital increase agreement dated 26 December 2019 entered into between Beijing Zhongzhi Dingfu Real Property Development Co., Ltd.* (北京眾置鼎福房地產開發有限公司), a wholly-owned subsidiary of the Company, Agricultural Bank of China Financial Assets Investment Co., Ltd.* (農銀金融資產投資有限公司) and Beijing Liujin Real Property Co., Ltd.* (北京鑾金置業有限責任公司) in relation to the capital injection of RMB1,000,000,000 by Agricultural Bank of China Financial Assets Investment Co., Ltd.* (農銀金融資產投資有限公司) to Beijing Liujin Real Property Co., Ltd.* (北京鑾金置業有限責任公司) in consideration for the acquisition of 34.12% of the equity interest in Beijing Liujin Real Property Co., Ltd.* (北京鑾金置業有限責任公司) by Agricultural Bank of China Financial Assets Investment Co., Ltd.* (農銀金融資產投資有限公司);
- (e) the equity transfer agreement dated 27 December 2019 entered into between the Shoujin Xinchuang (Tianjin) Real Estate Development Co., Ltd.* (首金新創(天津)置業發展有限公司), an indirect wholly-owned subsidiary of the Company, as the vendor and Shoujin Yingchuang Shouxin No. 3 Graded Private Equity Investment Fund* (首金盈創首信三號分級私募股權投資基金) as the purchaser and Suzhou Hongchang Real Estate Co., Ltd.* (蘇州泓昶置業有限公司) in relation to the transfer of 94% equity interest in Suzhou Hongchang Real Estate Co., Ltd.* (蘇州泓昶置業有限公司) by Shoujin Xinchuang (Tianjin) Real Estate Development Co., Ltd.* (首金新創(天津)置業發展有限公司) to Shoujin Yingchuang Shouxin No. 3 Graded Private Equity Investment Fund* (首金盈創首信三號分級私募股權投資基金) at a consideration of RMB1,066,000,000;
- (f) the partnership agreement dated 7 February 2020 entered into between Beijing CUFÉ Longma Capital Co., Ltd.* (北京中財龍馬資本投資有限公司) (“**Beijing CUFÉ**”), Guoxin Yicheng Investment Management (Beijing) Co., Ltd.* (國信易誠投資管理(北京)有限公司) (“**Guoxin Yicheng**”), a wholly-owned subsidiary of the Company, Shoujin Capital Management (Tianjin) Company Limited* (首金資本管理(天津)有限公司) (“**Shoujin Capital Management**”), a wholly-owned subsidiary of the Company, and Union Life Insurance Co., Ltd.* (合眾人壽保險股份有限公司) (“**Union Life**”) in relation to the establishment and management of the Tianjin Longma Venture Capital Investment Partnership (Limited Partnership)* (天津龍馬合創股權投資合夥企業(有限合夥)). Pursuant to the partnership agreement, the total capital commitment of the partnership is RMB2,536,000,000, of which Beijing CUFÉ and Guoxin Yicheng, as general partners, will each invest RMB1,000,000, while Shoujin Capital Management and Union Life, as limited partners, will each invest RMB1,267,000,000 and the purpose of the partnership is to purchase the commercial properties located in Shanghai, the PRC to be developed and pre-sold by the Group;

- (g) the equity transfer agreement dated 22 April 2020 entered into between Beijing Jintang Tianrun Media Development Co., Ltd.* (北京金唐天潤傳媒發展有限公司) (“**Beijing Jintang**”) as the seller and Beijing Zhongrui Kaihua Investment and Management Co., Ltd.* (北京中瑞凱華投資管理有限公司) (“**Beijing Zhongrui**”), a wholly-owned subsidiary of the Company, as the buyer, in relation to the acquisition of 20% equity interest in Beijing Kaichuang Jinrun Real Estate Co., Ltd.* (北京開創金潤置業有限公司) (“**Beijing Kaichuang**”) at a consideration of RMB1,472,540 by Beijing Jintang to Beijing Zhongrui and its payment obligation of the registered capital of Beijing Kaichuang of RMB12,500,000 and the provision of funds to Beijing Kaichuang for its repayment of existing shareholders’ funds, together with related interest, of not more than RMB1,093,835,500 by Beijing Zhongrui;
- (h) the equity acquisition agreement dated 19 June 2020 entered into between Capital Xinchuang (Tianjin) Real Estate Development Co., Ltd.* (首金新創(天津)置業發展有限公司), an indirect wholly-owned subsidiary of the Company, as the transferor, and Xingye International Trust Limited, as the purchaser, in relation to the transfer of 43% equity interest in Shoujin Ruizhi (Tianjin) Real Estate Development Co., Ltd.* (首金睿志(天津)置業發展有限公司), which is wholly-owned by the transferor prior to the completion of the transfer, by Capital Xinchuang (Tianjin) Real Estate Development Co., Ltd.* (首金新創(天津)置業發展有限公司) to Xingye International Trust Limited at a consideration of RMB1,410,400,000;
- (i) the equity transfer agreement dated 11 November 2020 entered into between Beijing City Green Foundations Development Company Limited* (北京市綠化隔離地區基礎設施建設有限公司) (“**Beijing City Green Foundations**”) as the purchaser and Prime Capital Qizhi (Tianjin) Investment Company Limited* (首金祺志(天津)投資管理有限公司) (“**Prime Capital**”), an indirect wholly-owned subsidiary of the Company, as the seller, in relation to the transfer of 14.99% of the registered capital of Beijing Chuangyue Xinke Real Estate Company Limited* (北京創閱新科置業有限公司) (“**Beijing Chuangyue**”), which is wholly-owned by the seller prior to the completion of the transfer, by Prime Capital to Beijing City Green Foundations at a cash consideration of RMB869,435 and the capital contribution of RMB14,990,000 by the purchaser to Beijing Chuangyue; and the capital increase of an aggregate amount of RMB1,380,000,000 in Beijing Chuangyue upon completion on pro rata basis in accordance with the then equity interests of the seller and the purchaser in Beijing Chuangyue; and the purchaser’s contribution of an unsecured shareholder’s loan of RMB472,185,000 upon completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into equity of Beijing Chuangyue as the purchasers’ contribution;

- (j) the cooperation agreement dated 23 December 2020 entered into between Shoujin Xingjiang (Tianjin) Property Development Company Limited* (首金興江(天津)置業發展有限公司) (“**Shoujin Xingjiang**”), a wholly-owned subsidiary of the Company, Tongxiang Ping An Investment Company Limited* (桐鄉平安投資有限公司) (“**Tongxiang Ping An**”), Shenzhen Anchuang Investment Management Company Limited* (深圳安創投資管理有限公司) (“**Shenzhen Anchuang**”), Shanghai Yijin Properties Company Limited* (上海億晉置業有限公司) (“**Shanghai Yijin**”), Shanghai Yiwei Properties Company Limited* (上海億薇置業有限公司) (“**Shanghai Yiwei**”), Shanghai Yiyi Properties Company Limited* (上海億翊置業有限公司) (“**Shanghai Yiyi**”), Tongxiang Anyue Properties Company Limited* (桐鄉市安悅置業有限公司) (“**Tongxiang Anyue**”), Tongxiang Anrun Properties Company Limited* (桐鄉市安潤置業有限公司) (“**Tongxiang Anrun**”) and Tongxiang Anbo Properties Company Limited* (桐鄉市安博置業有限公司) (“**Tongxiang Anbo**”) in relation to (a) the acquisition of 9.15% equity interest in Tongxiang Anyue by Shoujin Xingjiang from Tongxiang Ping An for an equity purchase price of RMB18,300,000 and the provision of not more than RMB25,640,000 to Tongxiang Anyue by Shoujin Xingjiang; (b) the acquisition of 40% equity interest in Tongxiang Anrun by Shoujin Xingjiang from Shenzhen Anchuang and as consideration, Shoujin Xingjiang will assume the obligation to contribute registered capital of RMB4,000,000 to Tongxiang Anrun and also provide capital of not more than RMB153,920,000 to Tongxiang Anrun; (c) the acquisition of 40% equity interest in Tongxiang Anbo by Shoujin Xingjiang from Shenzhen Anchuang and as consideration, Shoujin Xingjiang will assume the obligation to contribute registered capital of RMB4,000,000 to Tongxiang Anbo and also provide capital of not more than RMB153,080,000 to Tongxiang Anbo and the provision of funding by Shoujin Xingjiang to Tongxiang Anyue, Tongxiang Anrun and Tongxiang Anbo for the development of future projects in an aggregate amount not exceeding RMB288,400,000;
- (k) the cooperation agreement dated 26 January 2021 entered into between Shoujin Huizhi (Tianjin) Property Development Company Limited* (首金輝志(天津)置業發展有限公司) (“**Shoujin Huizhi**”), an indirect wholly-owned subsidiary of the Company, Ping An Real Estate Company Limited* (平安不動產有限公司) and Tongxiang Ping An New Economy City Development Company Limited* (桐鄉平安新經濟城開發有限公司) (“**Tongxiang Ping An**”) in relation to the acquisition of 50% equity interest in Tongxiang Ping An from Ping An Real Estate Company Limited* (平安不動產有限公司) at the consideration of RMB291,871,200 by Shoujin Huizhi and the provision of capital of RMB6,000,000 by Shoujin Huizhi to Tongxiang Ping An for the repayment of its shareholder’s loan. In addition, Shoujin Huizhi shall contribute RMB250,000,000 to the registered capital of Tongxiang Ping An upon completion of the acquisition;

- (l) the Company on 28 May 2021 has arranged for the establishment of an asset-backed securities scheme known as Zhonglian BCG – Capital Outlets Phase II Asset – backed Securities Scheme* (“**ABS Scheme**”), the size of the issuance being up to RMB3,268,000,000 (the “**Issuance**”). Pursuant to the Issuance, the Group has undergone certain internal restructuring steps including the equity transfer agreement dated 28 May 2021 entered into between Zhejiang Outlets Real Estate Co., Ltd.* (浙江奧特萊斯置業有限公司), an indirect wholly-owned subsidiary of the Company, as seller, and Zhonglian BCG – Capital Outlets Phase II Private Equity Investment Fund* (中聯首正德盛–首創鉅大奧特萊斯二期私募股權投資基金) (“**Zhonglian BCG – Capital Outlets**”) as purchaser which is represented by Shouzheng Desheng Capital Management Co., Ltd.* (首正德盛資本管理有限公司) (“**Shouzheng Desheng**”) as the fund manager, in relation to the transfer of the entire equity interest in Hangzhou Capital Outlets Property Limited at an aggregate consideration of approximately RMB410,370,000;
- (m) pursuant to the Issuance, an equity transfer agreement dated 28 May 2021 was entered into between Beijing Jinfu Longding Investment Management Co., Ltd.* (北京錦富龍鼎投資管理有限公司), an indirect wholly-owned subsidiary of the Company, as seller, and Zhonglian BCG – Capital Outlets, as purchaser, which is represented by Shouzheng Desheng as the fund manager, in relation to the transfer of the entire equity interest in Jiangxi Capital Outlets Development Company Limited at an aggregate consideration of approximately RMB432,690,000;
- (n) pursuant to the Issuance, an equity transfer agreement dated 28 May 2021 was entered into between Beijing Hengsheng Huaxing Investment Management Co., Ltd.* (北京恒盛華星投資管理有限公司), an indirect wholly-owned subsidiary of the Company, as seller, and Zhonglian BCG – Capital Outlets, as purchaser, which is represented by Shouzheng Desheng as the fund manager, in relation to the transfer of the entire equity interest in Jinan Shouju Real Estate Ltd at an aggregate consideration of approximately RMB374,130,000;
- (o) pursuant to the Issuance, an equity transfer agreement dated 28 May 2021 was entered into between Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司) and Capital Juda Operation Limited (首創鉅大營運有限公司), both indirect wholly-owned subsidiaries of the Company, as co-sellers, and Zhonglian BCG – Capital Outlets, as purchaser, which is represented by Shouzheng Desheng as the fund manager, in relation to the transfer of the entire equity interest in Hefei Chuangju Commercial Development and Management Co., Ltd., at an aggregate consideration of approximately RMB175,530,000;
- (p) the Cooperation Framework Agreement; and
- (q) the Merger Agreement.

6. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinions or advices which are contained in this circular:

| Name | Qualification |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Somerley | a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO |
| PwC | Certified Public Accountants in the People's Republic of China and Recognised Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Cap. 588) |
| Cushman & Wakefield Limited | independent property valuer |

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

As at the Latest Practicable Date, each of the above experts did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 5 to 10 of this circular;

- (c) the annual reports of the Company for the financial years ended 31 December 2018, 2019 and 2020 and the interim report of the Company for the six months ended 30 June 2021, respectively;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix V;
- (e) the letter from Somerley on the Estimate, the text of which is set out in Appendix II to this circular;
- (f) the letter from PwC on the Estimate, the text of which is set out in Appendix III to this circular;
- (g) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix IV to this circular;
- (h) the written consents referred to in the paragraph headed “Qualification and Consent of Experts” in this Appendix V;
- (i) the circular of the Company dated 31 January 2021; and
- (j) this circular.

9. MISCELLANEOUS

- (a) The registered address of the Company is at Room 3071, 3/F Office, Block 4, No. 13 Kaifang East Road, Huairou District, Beijing, PRC.
- (b) The principal place of business of the Company in the PRC is at Block A, Fucheng Building, No. 98, Beilishi Road, Xicheng District Beijing, PRC.
- (c) The principal place of business of the Company in Hong Kong is at Suites 4602-05, One Exchange Square, Central, Hong Kong.
- (d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) The company secretary is Ms. Peng Sisi, who is a member of both The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.
- (f) In the event of any inconsistencies, the English text of this circular and the proxy forms shall prevail over the Chinese text.