
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal or this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your Shares and Perpetual CB Securities (as the case may be) in Beijing Capital Grand Limited, you should at once hand this Scheme Document and the accompanying forms of proxy and the Form of Acceptance (as the case may be) to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of BECL Investment Holding Limited or Beijing Capital Grand Limited.

BECL INVESTMENT HOLDING LIMITED
首置投資控股有限公司
(incorporated in Hong Kong with limited liability)

CAPITAL GRAND
BEIJING CAPITAL GRAND LIMITED
首創鉅大有限公司
(incorporated in the Cayman Islands
with limited liability)
(Stock Code: 1329)

(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF BEIJING CAPITAL GRAND LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT) AND (2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF BEIJING CAPITAL GRAND LIMITED

Financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalised terms used hereunder shall have the same meanings as defined in this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal, the Scheme, and the Perpetual CB Securities Offer is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal, the Scheme, and the Perpetual CB Securities Offer is set out in Part VI of this Scheme Document. The Explanatory Memorandum is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders and the Perpetual CB Securities Holder are set out in Part II of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at 10:00 a.m. and 10:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned) respectively on Friday, 10 January 2025 are set out in Appendix V and Appendix VI of this Scheme Document respectively. Whether or not you are able to attend any of the Meetings or any adjournment(s) or postponement(s) thereof in person, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than the respective times and dates stated under Part II — Actions to be Taken of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. If the **WHITE** form of proxy is not so lodged at least 48 hours before the time appointed for the EGM, it will not be valid. Completion and return of the forms of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment or postponement thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment or postponement thereof after having lodged your forms of proxy, the returned forms of proxy will be revoked by operation of law.

This Scheme Document is jointly issued by the Company and the Offeror.

The English language text of this Scheme Document and the accompanying forms of proxy and the Form of Acceptance shall prevail over the Chinese language text for the purpose of interpretation.

16 December 2024

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In this Scheme Document, the following words and expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning given to it under the Takeovers Code
“Announcement”	the announcement dated 28 October 2024 jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“Announcement Date”	28 October 2024, being the date of the Announcement
“associate(s)”	has the meaning given to it under the Takeovers Code
“BCCDG”	Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), a company incorporated in the PRC with limited liability, the parent company of the Offeror and a wholly-owned subsidiary of Capital Group
“BCG Chinastar”	BCG Chinastar International Investment Limited (首創華星國際投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Capital Group and a fellow subsidiary of the Offeror
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of Registered Owner(s)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business
“Cancellation Price”	the cancellation price of HK\$0.85 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Capital Group”	Beijing Capital Group Co., Ltd* (北京首都創業集團有限公司), a state-owned enterprise under the direct supervision of the Beijing Municipal Government, which indirectly holds 100% of the issued shares of the Offeror
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities and Clearing Company Limited
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in connection with the Proposal. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Class A Convertible Preference Share(s)”	the class A limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of the Company
“Class B Convertible Preference Share(s)”	the class B limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of the Company
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as consolidated and revised from time to time
“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Conditions”	the conditions to the implementation of the Proposal as set out in the section headed “3. Conditions of the Proposal” of the Explanatory Memorandum in this Scheme Document
“Conditions Long Stop Date”	28 July 2025, being the date which is 9 months after the Announcement Date, or such later date as the Offeror may in its sole discretion determine, or to the extent applicable, as the Grand Court may direct, in each case as permitted by the Executive
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China, at which the Scheme (with or without modification) will be voted upon, or any adjournment or postponement thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties

“Effective Date”	the date on which the Scheme becomes effective in accordance with and subject to its terms and conditions and the Companies Act, which is currently expected to be Thursday, 23 January 2025 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 10:45 a.m. (or if later, immediately after the Court Meeting has been concluded or adjourned) on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, including any reduction of the issued share capital of the Company as a result of the cancellation of the Scheme Shares and the implementation of the Scheme, or any adjournment or postponement thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Form(s) of Acceptance”	the form(s) of acceptance in respect of the Perpetual CB Securities Offer accompanying this Scheme Document despatched to the Perpetual CB Securities Holder in connection with the Perpetual CB Securities Offer
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising Mr. Zhai Senlin, Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo, formed for the purpose of making a recommendation to the Disinterested Shareholders in respect of the Proposal and the Scheme and to the Perpetual CB Securities Holder in respect of the Perpetual CB Securities Offer

“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Last Trading Day”	16 October 2024, being the last trading day prior to the trading suspension of the Company on 17 October 2024 pending the issue of the Announcement
“Latest Practicable Date”	13 December 2024, being the latest practicable date for ascertaining certain information contained in the Scheme document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Meeting(s)”	the Court Meeting and/or the EGM
“Meeting Record Date”	Friday, 10 January 2025, or such other date as may be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM
“Offer Period”	the period from the date of the Announcement until the earlier of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror”	BECL Investment Holding Limited (首置投資控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by BCCDG
“Offeror Concert Parties”	parties acting in concert with the Offeror, BCCDG and Capital Group (which, for the avoidance of doubt, except any exempt principal traders or any exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code)

“PCBS Fixed Interest”	has the meaning given to it under the section headed “The Perpetual CB Securities Offer” in the Explanatory Memorandum in this Scheme Document
“PCBS Variable Interest”	has the meaning given to it under the section headed “The Perpetual CB Securities Offer” in the Explanatory Memorandum in this Scheme Document
“Perpetual CB Securities”	the perpetual convertible bond securities issued by the Company on 28 December 2016 with an outstanding aggregate principal amount of HK\$657,594,260 as at the Latest Practicable Date
“Perpetual CB Securities Holder”	holder of the Perpetual CB Securities, being Smart Win as at the Latest Practicable Date
“Perpetual CB Securities Offer”	the conditional cash offer made by or on behalf of the Offeror to the Perpetual CB Securities Holder to acquire all of the outstanding Perpetual CB Securities in accordance with the Takeovers Code and the terms as set out in this Scheme Document
“PRC”	the People’s Republic of China
“Proposal”	the proposal for the privatisation of the Company and the withdrawal of listing of the Shares on the Stock Exchange by the Offeror by way of the Scheme and the Perpetual CB Securities Offer, in each case, on the terms and subject to the conditions set out in the Announcement and in this Scheme Document
“Registered Owner(s)”	any owner(s) of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Relevant Authorities”	any supranational, national, federal, state, regional, provincial, municipal, local or other government, governmental, quasi-governmental, legal, regulatory or administrative authority, department, branch, agency, commission, bureau or body (including any securities or stock exchange) or any court, tribunal, or judicial or arbitral body

“Relevant Period”	the period commencing on 28 April 2024, being that date that falls six month prior to the date of the Announcement and ending on the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the contemporaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Grand Court or agreed between the Company and the Offeror
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders and the Perpetual CB Securities Holder containing, <i>inter alia</i> , further details of the Proposal (including the Scheme and the Perpetual CB Securities Offer)
“Scheme Record Date”	Thursday, 23 January 2025 or such other date as may be announced to the Scheme Shareholders, being the record date for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those held by the Offeror and BCG Chinastar
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Smart Win”	Smart Win Group Limited, a company incorporated in the British Virgin Islands with limited liability

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Unichow”	Unichow Capital Co., Ltd., a company incorporated in the British Virgin Islands
“Unichow Irrevocable Undertaking”	the irrevocable undertaking dated 28 October 2024 given by Unichow in favour of the Offeror, the principal terms of which are described in the paragraph headed “Entering into of Unichow Irrevocable Undertaking” in the Explanatory Memorandum
“U.S.”	the United States of America
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 7 January 2025 to Friday, 10 January 2025 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 6 January 2025. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares to be voted at the Court Meeting or the EGM will need to obtain a form of proxy from the transferor.

Whether or not you are able to attend any of the Court Meeting and/or the EGM or any adjournment(s) or postponement(s) thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **WHITE** form of proxy in respect of the EGM in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- the **PINK** form of proxy for use at the Court Meeting must be lodged no later than 10:00 a.m. on Wednesday, 8 January 2025 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it); and
- the **WHITE** form of proxy for use at the EGM must be lodged no later than 10:45 a.m. on Wednesday, 8 January 2025, failing which it will not be valid.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM, if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders, Disinterested Shareholders or the Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and/or the EGM in person or by proxy.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Friday, 10 January 2025 by no later than 7:00 p.m. If all of the resolutions are passed at those Meetings, further announcement(s) will be made in relation to, among other things, the outcome of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST

The Company will not recognise any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and give instructions to and/or to make arrangements with the Registered Owner as to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the EGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the memorandum and articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

If you are a Beneficial Owner whose Share(s) are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant, regarding voting instructions to be given to such CCASS Participants if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM; or
- (b) become a Shareholder of record and thereby have the right to attend and vote at the Court Meeting and/or the EGM (as appropriate) by withdrawing any or all of your Share(s) from CCASS and becoming a Registered Owner of such Share(s). For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of HKSCC” and the “HKSCC Operational Procedures” in effect from time to time.

ACTIONS TO BE TAKEN BY PERPETUAL CB SECURITIES HOLDER

If you accept the Perpetual CB Securities Offer, you should complete the Form of Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the Perpetual CB Securities held by you that you wish to tender to the Perpetual CB Securities

Offer, which instructions form part of the terms and conditions of the Perpetual CB Securities Offer. Your attention is also drawn to the “Form of Letter to the Perpetual CB Securities Holder” as set out in Appendix VII to this Scheme Document.

The completed Form of Acceptance should be forwarded together with the relevant certificate(s) of the Perpetual CB Securities for no less than the principal amount of Perpetual CB Securities you intend to accept the Perpetual CB Securities Offer, by post or by hand, to the Offeror at 30/F, Jardine House, One Connaught Place, Central, Hong Kong, as soon as possible but in any event no later than 4:00 p.m. on Thursday, 23 January 2025 or such later time and/or date as the Offeror and the Company may announce in accordance with the Takeovers Code.

No acknowledgement of receipt of any Form of Acceptance and/or certificate(s) of the Perpetual CB Securities will be given.

Perpetual CB Securities Holder are reminded that if you do not accept the Perpetual CB Securities Offer, and the Scheme subsequently becomes effective and the listing of the Shares on the Stock Exchange is withdrawn, this will result in the Perpetual CB Securities Holder holding Perpetual CB Securities which are convertible into unlisted Shares and the liquidity of the Shares may be severely reduced. In addition, the Company will no longer be subject to the Takeovers Code and the Listing Rules after the Scheme becoming effective and the listing of the Shares on the Stock Exchange is withdrawn, and the right of the Perpetual CB Securities Holder to certain information of the Company will be reduced.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

If you keep any Share(s) in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Share(s) are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the EGM, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

PETITION HEARING IN THE GRAND COURT

SCHEME SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SCHEME SHARES WHO GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE WHICH SUBSEQUENTLY VOTED AT THE COURT MEETING) ARE ENTITLED BUT NOT OBLIGED TO ATTEND AND BE HEARD AT THE HEARING OF THE PETITION IN THE GRAND COURT TO SANCTION THE SCHEME WHICH IS EXPECTED TO BE ON TUESDAY, 21 JANUARY 2025 (CAYMAN ISLANDS TIME).

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

**Hong Kong time
(unless otherwise specified)**

Despatch of this Scheme Document	Monday, 16 December 2024
Despatch of the Perpetual CB Securities Offer Letter	Monday, 16 December 2024
Latest time for the Perpetual CB Securities Holder to lodge notice of conversion under the terms and conditions of the Perpetual CB Securities in order to become entitled to attend and vote at the Court Meeting and the EGM (<i>Note 1</i>)	4:30 p.m. on Monday, 30 December 2024
Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the EGM	4:30 p.m. on Monday, 6 January 2025
Register of members of the Company closed for determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the EGM (<i>Note 2</i>)	Tuesday, 7 January 2025 to Friday, 10 January 2025 (both days inclusive)
Latest time for lodging PINK forms of proxy in respect of Court Meeting (<i>Note 3</i>)	10:00 a.m. on Wednesday, 8 January 2025 (or be handed directly to the chairman of the Court Meeting at the Court Meeting)
Latest time for lodging WHITE forms of proxy in respect of EGM (<i>Note 3</i>)	10:45 a.m. on Wednesday, 8 January 2025
Meeting Record Date	Friday, 10 January 2025
Court Meeting (<i>Note 4</i>)	10:00 a.m. on Friday, 10 January 2025

EGM (<i>Note 4</i>)	10:45 a.m. on Friday, 10 January 2025 (or, if later, immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Meetings	no later than 7:00 p.m. on Friday, 10 January 2025
Expected latest time of trading in the Shares on the Stock Exchange	4:10 p.m. on Monday, 13 January 2025
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme.....	4:30 p.m. on Thursday, 16 January 2025
Register of members of the Company closed for determining entitlements of the Scheme Shareholders under the Scheme (<i>Note 5</i>).....	From Friday, 17 January 2025 onwards
Court Hearing	Tuesday, 21 January 2025 (Cayman Islands time)
Announcement of the results of the Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Wednesday, 22 January 2025
Scheme Record Date	Thursday, 23 January 2025
Effective Date (<i>Note 6</i>)	Thursday, 23 January 2025 (Cayman Islands time)
Record date for determining the entitlements under the Perpetual CB Securities Offer.....	Thursday, 23 January 2025
Latest time and date for lodging the Form of Acceptance in relation to the Perpetual CB Securities Offer and close of the Perpetual CB Securities Offer (<i>Note 7</i>).....	4:00 p.m. on Thursday, 23 January 2025

Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Friday, 24 January 2025
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective (<i>Note 8</i>)	4:00 p.m. on Monday, 27 January 2025
Latest time for posting of remittances for the amounts due under the Scheme, and for acceptance under the Perpetual CB Securities Offer (<i>Note 9</i>)	on or before Thursday, 6 February 2025

Notes:

1. These denote the latest date, which are based on the time estimated by the Company to complete the required processes to issue the underlying Shares before the Meeting Record Date.
2. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM. This book closure period is not for determining the entitlements under the Scheme.
3. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The **WHITE** form of proxy must be lodged not less than 48 hours before the time appointed for the EGM in order to be valid. The completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending and voting at the relevant Meeting or any adjournment or postponement thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
4. The Court Meeting and the EGM will be held at 7th Floor, West Zone Jing'an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix V of this Scheme Document and the notice of EGM set out in Appendix VI of this Scheme Document for details.
5. The register of members of the Company will be closed as from such time and on such date for the purpose of determining the entitlements under the Scheme.
6. The Scheme will become effective upon the fulfilment or waiver (as applicable) of all of the Conditions to the Proposal as set out in the section headed "3. Conditions of the Proposal" in Part VII — Explanatory Memorandum of this Scheme Document.
7. Form of Acceptance, duly completed in accordance with the instructions on must be lodged with the Offeror at 30/F, Jardine House, One Connaught Place, Central, Hong Kong by no later than 4:00 p.m. on Thursday, 23 January 2025 (or such later date and time as may be notified to you by the Offeror and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).

8. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Monday, 27 January 2025.
9. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by post at the risk of the recipients to their registered addresses shown in the register of members of the Company no later than seven business days (as defined in the Takeovers Code) after the Effective Date. Payments in respect of the Perpetual CB Securities Offer Price will be made to the accepting Perpetual CB Securities Holder by cheque(s) no later than seven business days (as defined in the Takeovers Code) after the close of the Perpetual CB Securities Offer.
10. In the event of extreme weather conditions in Beijing at any time after 9:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM may be adjourned or postponed in accordance with the memorandum and articles of association of the Company. In such case, the Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meetings.
11. If any severe weather condition is in force in Hong Kong: (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the Effective Date or latest date to despatch cheques for the payment of the Cancellation Price under the Scheme and/or the offer price under the Perpetual CB Securities Offer, the Effective Date or the latest date to despatch cheques (as the case may be) will remain on the same Business Day; or (b) at any time at or after 12:00 noon on the Effective Date or the latest date to despatch cheques for the payment of the Cancellation Price under the Scheme and/or the offer price under the Perpetual CB Securities Offer, the Effective Date or latest date to despatch cheques (as the case may be) will be rescheduled to the following Business Day which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this Scheme Document, “severe weather” refers to the scenario where a tropical cyclone warning signal number 8 or above is hoisted, a black rainstorm warning and/or the “Extreme Conditions” warning as announced by the Hong Kong Government is/are in force in Hong Kong. Further announcement(s) will be made if there is any change to the expected timetable as a result of any severe weather.

CAPITAL  GRAND
BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

Executive Directors:

Mr. Fan Shubin (*Chairman*)

Mr. Xie Hongyi (*Chief Executive Officer*)

Non-executive Directors:

Mr. Wang Hao

Ms. Qin Yi

Mr. Zhai Senlin

Independent Non-executive Directors:

Mr. Yeung Chi Tat

Dr. Huang Wei

Mr. Xu Weiguo

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

10/F., Guangdong Investment Tower

148 Connaught Road Central

Hong Kong

16 December 2024

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
BEIJING CAPITAL GRAND LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
BEIJING CAPITAL GRAND LIMITED**

INTRODUCTION

On 16 October 2024 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

In accordance with Rule 13 of the Takeovers Code, the Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder to acquire all the outstanding Perpetual CB Securities as at the Effective Date. The Perpetual CB Securities Offer will be conditional upon the Scheme becoming effective.

If the Scheme is approved and becomes effective and is implemented and the Perpetual CB Securities Offer is accepted by the Perpetual CB Securities Holder in full and becomes unconditional:

- (a) all the Scheme Shares held by the Scheme Shareholders will, on the Effective Date, be cancelled and extinguished in exchange for the payment of the Cancellation Price of HK\$0.85 per Scheme Share to each Scheme Shareholder by the Offeror;
- (b) contemporaneously with such cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained at the amount prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (c) all the outstanding Perpetual CB Securities held by the Perpetual CB Securities Holder will be acquired fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date, pursuant to the terms and conditions of the Perpetual CB Securities Offer;
- (d) all the issued Shares and Perpetual CB Securities will be indirectly wholly-owned by Capital Group, the ultimate parent company of the Offeror; and
- (e) subject to the obtaining of the approval from the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, the listing of the Shares will be withdrawn subject to and after the Scheme becomes effective.

No offer will be made by the Offeror for the outstanding Class A Convertible Preference Shares and Class B Convertible Preference Shares of the Company under Rule 14 of the Takeovers Code, as all of the issued Class A Convertible Preference Shares and the issued Class B Convertible Preference Shares are held by the Offeror as at the Announcement Date and the Latest Practicable Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and in particular the Scheme and the Perpetual CB Securities, and to give you notices of the Court Meeting and the EGM, together with the forms of proxy and the Form of Acceptance for the Perpetual CB Securities Offer in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix IV of this Scheme Document.

TERMS OF THE PROPOSAL

The Scheme

Under the Proposal, upon the fulfilment or waiver (as applicable) of the Conditions and the Scheme becomes effective, all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.85 in cash for every Scheme Share cancelled to be paid by the Offeror.

The Cancellation Price and the offer price under the Perpetual CB Securities Offer will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price or the offer price under the Perpetual CB Securities Offer.

Your attention is drawn to the section headed “2. Terms of the Proposal — The Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced (and the offer price of the Perpetual CB Securities Offer shall be reduced accordingly). As at the Latest Practicable Date, the Company has no declared but unpaid dividends and/or other distribution and/or other return of capital. In addition, the Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Effective Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Comparison of Value

Your attention is drawn to the section headed “2. Terms of the Proposal — Comparison of Value” in Part VII — Explanatory Memorandum of this Scheme Document.

Highest and Lowest Prices

Your attention is drawn to the section headed “2. Terms of the Proposal — Highest and Lowest Prices” in Part VII — Explanatory Memorandum of this Scheme Document.

Perpetual CB Securities Offer

In accordance with Rule 13 of the Takeovers Code, the Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder to acquire all the outstanding Perpetual CB Securities as at the Effective Date. The Perpetual CB Securities Offer will be conditional upon the Scheme becoming effective.

Your attention is drawn to the section headed “2. Terms of the Proposal — The Perpetual CB Securities Offer” in Part VII — Explanatory Memorandum of this Scheme Document.

Settlement of the consideration to which the accepting Perpetual CB Securities Holder is entitled under the Perpetual CB Securities Offer will be implemented in full in accordance with the terms of the Perpetual CB Securities Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against the accepting Perpetual CB Securities Holder.

Total Consideration and Financial Resources

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “2. Terms of the Proposal — Total Consideration and Financial Resources” in Part VII — Explanatory Memorandum of this Scheme Document.

CONDITIONS OF THE PROPOSAL

The Proposal is conditional upon the fulfilment or waiver (as applicable) of the Conditions set out in the section headed “3. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

When all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

Warning: Shareholders, the Perpetual CB Securities Holder and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and the Perpetual CB Securities Offer is conditional upon the Scheme becoming effective, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, the Perpetual CB Securities Holder and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

UNICHOW IRREVOCABLE UNDERTAKING

Your attention is drawn to the section headed “4. Entering into of Unichow Irrevocable Undertaking” in Part VII — Explanatory Memorandum of this Scheme Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee which comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder, namely Mr. Zhai Senlin, Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser (i) to the Disinterested Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM of the Company and (ii) to the Perpetual CB Securities Holder as to whether the Perpetual CB Securities Offer is, or is not, fair and reasonable and whether to accept the Perpetual CB Securities Offer. As each of Mr. Wang Hao and Ms. Qin Yi (each being a non-executive Director) holds certain positions in Capital Group and/or BCCDG (the parent companies of the Offeror), Mr. Wang Hao and Ms. Qin Yi do not form part of the Independent Board Committee.

The Board, with the approval of the Independent Board Committee, has appointed Rainbow Capital (HK) Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder is concerned, and accordingly, it advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in

favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder is concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Perpetual CB Securities Offer is set out in Part V of this Scheme Document.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “7. Reasons for and Benefits of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the section headed “8. The Offeror’s Intentions in relation to the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

The Board is pleased to note the intention of the Offeror in relation to the Group as set out in the section headed “8. The Offeror’s Intentions in relation to the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

INFORMATION ON THE COMPANY

Your attention is drawn to the section headed “9. Information on the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “10. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “Actions to be Taken” set out in Part II of this Scheme Document.

THE COURT MEETING AND THE EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China. The EGM will be held at 10:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have concluded or been adjourned) on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China.

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the section headed “13. Court Meeting and EGM” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of Court Meeting in Appendix V of this Scheme Document and the notice of EGM in Appendix VI of this Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company has applied to the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect immediately from 4:00 p.m. on Monday, 27 January 2025, subject to the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the Perpetual CB Securities Offer will not become unconditional;
- (c) the listing of the Shares on the Stock Exchange will not be withdrawn; and

- (d) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “16. Registration and Payment” in Part VII — Explanatory Memorandum of this Scheme Document.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “17. Overseas Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

TAXATION ADVICE

Your attention is drawn to the section headed “18. Taxation Advice” in Part VII — Explanatory Memorandum of this Scheme Document.

COSTS OF THE SCHEME

Your attention is drawn to the section headed “19. Costs of the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

GENERAL

As at the Latest Practicable Date, the Offeror holds 701,353,846 Shares and BCG Chinastar holds 19,800,000 Shares. As the Shares held by the Offeror and BCG Chinastar will not form part of the Scheme Shares, each of the Offeror and BCG Chinastar will not vote on the Scheme at the Court Meeting.

All Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting for the purpose of determining whether the requirements under Condition (a) under the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum are satisfied. However, only Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum are satisfied.

All Shareholders will be entitled to attend the EGM of the Company and vote on the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid at par, for issuance to the Offeror. The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) believe that the Proposal, the Scheme and the Perpetual CB Securities Offer are fair and reasonable and in the interests of the Shareholders as a whole.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

FURTHER INFORMATION

You are urged to read carefully:

- (a) the letter from the Independent Board Committee to the Disinterested Shareholders set out in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document;
- (c) the Explanatory Memorandum set out in Part VII of this Scheme Document;
- (d) the appendices of this Scheme Document, including the Scheme set out in Appendix IV of this Scheme Document;
- (e) the notice of Court Meeting set out in Appendix V of this Scheme Document;
- (f) the notice of EGM set out in Appendix VI of this Scheme Document;
- (g) the form of the Perpetual CB Securities Offer Letter set out in Appendix VII of this Scheme Document;

- (h) the **PINK** form of proxy in respect of the Court Meeting as enclosed with this Scheme Document; and
- (i) the **WHITE** form of proxy in respect of the EGM as enclosed with this Scheme Document.

On behalf of the Board
Beijing Capital Grand Limited
Xie Hongyi
Executive Director

CAPITAL  GRAND
BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

16 December 2024

To the Disinterested Shareholders and Perpetual CB Securities Holder

Dear Sir or Madam,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
BEIJING CAPITAL GRAND LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
BEIJING CAPITAL GRAND LIMITED**

We refer to the Announcement dated 28 October 2024 and the scheme document dated 16 December 2024 (the “**Scheme Document**”), both jointly issued by the Offeror and the Company, in relation to the Proposal, the Scheme and the Perpetual CB Securities Offer of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders in respect of the Proposal and the Scheme and to the Perpetual CB Securities Holder in respect of the Perpetual CB Securities Offer, details of which are set out in the Letter from the Board in Part IV, the Explanatory Memorandum in Part VII of the Scheme Document and the Perpetual CB Securities Offer Letter set out in Appendix VII.

Rainbow Capital (HK) Limited, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the Letter from the Independent Financial Adviser in Part VI of the Scheme Document.

In the Letter from the Independent Financial Adviser in Part VI of the Scheme Document, the Independent Financial Adviser states that it considers (a) the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned; and (b) the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder are concerned, and advises the Independent Board Committee to recommend (i) the

Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme; and (ii) the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Perpetual CB Securities Offer, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned and the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the Letter from the Board in Part IV of the Scheme Document; (ii) the Letter from the Independent Financial Adviser in Part VI of the Scheme Document, which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee; and (iii) the Explanatory Memorandum in Part VII of the Scheme Document.

Yours faithfully,

Independent Board Committee

Mr. Zhai Senlin

Non-executive Director

Mr. Yeung Chi Tat

Independent Non-executive Director

Dr. Huang Wei

Independent Non-executive Director

Mr. Xu Weiguo

Independent Non-executive Director

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer, which has been prepared for the purpose of inclusion in this Scheme Document.



16 December 2024

To the Independent Board Committee

Beijing Capital Grand Limited
10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Dear Sir or Madam,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
BEIJING CAPITAL GRAND LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT);
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
BEIJING CAPITAL GRAND LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the scheme document dated 16 December 2024 jointly issued by the Company and the Offeror (the “**Scheme Document**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning as those defined in the Scheme Document.

On 16 October 2024 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

The Scheme will provide that all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.85 in cash for each Scheme Share.

The Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder in accordance with Rule 13 of the Takeovers Code to acquire all the outstanding Perpetual CB Securities which remain outstanding and have not otherwise been redeemed and/or converted into Shares pursuant to the conversion rights thereunder as at the Effective Date. The Perpetual CB Securities Offer is conditional upon the Scheme becoming effective.

In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Perpetual CB Securities Offer is HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities, being the “see-through” consideration for each Perpetual CB Securities with a face value of HK\$1 (i.e. being approximately 0.476190 Share for every HK\$1 face value at the prevailing conversion price of HK\$2.10 per Share, multiplied by the Cancellation Price per Scheme Share), and the total Perpetual CB Securities Offer is valued at HK\$266,169,105, which is calculated by multiplying the number of Shares into which the Perpetual CB Securities are convertible into (being an aggregate of 313,140,124 Shares for all the outstanding Perpetual CB Securities at the conversion price of HK\$2.10 per Share) by the Cancellation Price per Scheme Share.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee which comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder, namely Mr. Zhai Senlin, Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo, has been established by the Board to make a recommendation (i) to the Disinterested Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM; and (ii) to the Perpetual CB Securities Holder as to whether the Perpetual CB Securities Offer is, or is not, fair and reasonable and whether to accept the Perpetual CB Securities Offer. As each of Mr. Wang Hao and Ms. Qin Yi (each being a non-executive Director) holds certain positions in Capital Group and/or BCCDG (the parent companies of the Offeror), Mr. Wang Hao and Ms. Qin Yi do not form part of the Independent Board Committee. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company, the Offeror, the Offeror Concert Parties, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Save for our appointment as the Independent Financial Adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer, there has been no engagement between the Group, the Offeror or the Offeror Concert Parties and us as at the Latest Practicable Date and in the last two years. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, the Offeror Concert Parties, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give an independent advice to the Independent Board Committee in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Scheme Document including the property valuation report (the “**Valuation Report**”) set out in Appendix II to the Scheme Document; (ii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (iii) the information supplied by the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Scheme Document were true and accurate in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Scheme Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Scheme document were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Scheme Document and that all information or representations provided to us by the Directors and the management of the Group are true and accurate in all material respects and not misleading in any material respect at the time they were made and continue to be so until the Latest Practicable Date. The Company will notify the Scheme Shareholders of any material changes to information contained or referred to in the Scheme Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Scheme Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of independent in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, the Offeror, the Offeror Concert Parties or any of their respective subsidiaries and associates.

PRINCIPAL TERMS OF THE PROPOSAL

Under the Proposal, the Scheme will provide that all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.85 in cash for each Scheme Share.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced (and the offer price of the Perpetual CB Securities Offer shall be reduced accordingly). As at the Latest Practicable Date, the Company has no declared but unpaid dividends and/or other distribution and/or other return of capital. In addition, the Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Effective Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

The Perpetual CB Securities Offer is conditional upon the Scheme becoming effective. In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Perpetual CB Securities Offer is HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities, being the “see-through” consideration for each Perpetual CB Securities with a face value of HK\$1 (i.e. being approximately 0.476190 Share for every HK\$1 face value at the prevailing conversion price of HK\$2.10 per Share, multiplied by the Cancellation Price per Scheme Share), and the total Perpetual CB Securities Offer is valued at HK\$266,169,105, which is calculated by multiplying the number of Shares into which the Perpetual CB Securities are convertible into (being an aggregate of 313,140,124 Shares for all the outstanding Perpetual CB Securities at the conversion price of HK\$2.10 per Share) by the Cancellation Price per Scheme Share.

The Perpetual CB Securities to be acquired under the Perpetual CB Securities Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid, the Offeror will reduce the offer price under the Perpetual CB Securities Offer by all or any part of the amount or value of the PCBS Variable Interests arising out of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the offer price under the Perpetual CB Securities Offer will be deemed to be a reference to the offer price under the Perpetual CB Securities Offer as so reduced.

The Cancellation Price and the offer price under the Perpetual CB Securities Offer will not be increased, and the Offeror does not reserve the right to do so.

The implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and the Perpetual CB Securities Offer is conditional upon the Scheme becoming effective. For details of the Conditions, please refer to the Letter from the Board.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, the Scheme and the Perpetual CB Securities Offer, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in (i) investment property development and operation; (ii) property development; and (iii) sale of merchandise inventories, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC. The investment property development and operation business contributed approximately 72.55%, 43.84% and 68.51% of the Group's total revenue for the two years ended 31 December 2023 and the six months ended 30 June 2024 (“**FY2022**”, “**FY2023**” and “**6M2024**”, respectively). The segment of investment property development and operation derives its revenue primarily from rental income.

Set out in the table below is a summary of the audited consolidated financial performance of the Group for FY2022 and FY2023 as extracted from the 2023 Annual Report, and the unaudited consolidated financial information of the Company for the six months ended 30 June 2023 (“6M2023”) and 6M2024 as extracted from the 2024 Interim Report:

(i) *Financial performance*

	FY2022	FY2023	6M2023	6M2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
	(restated)			
Revenue	935,898	2,123,739	624,962	746,386
— Property development	46,737	998,163	49,891	157,205
— Investment property development and operation	678,958	930,997	463,386	511,378
— Sale of merchandise inventories	210,203	194,579	111,685	77,803
Cost of sales	(613,746)	(1,802,781)	(416,824)	(408,867)
Gross profit	322,152	320,958	208,138	337,519
<i>Gross profit margin</i>	34.4%	15.1%	33.3%	45.2%
Other gains — net	17,338	417,141	76,675	11,723
Other income	27,069	39,717	16,220	9,493
Selling and marketing expenses	(84,393)	(160,209)	(45,901)	(41,575)
Administrative expenses	(247,677)	(250,537)	(119,136)	(121,411)
Finance costs	(504,015)	(607,841)	(306,640)	(289,978)
Share of losses of investments accounted for using the equity method	(10,480)	(5,478)	(5,395)	(9,660)
Loss before income tax	(480,006)	(246,249)	(176,039)	(103,889)
Income tax expenses	(67,921)	(70,211)	(48,530)	(44,816)
Loss from continuing operations	(547,927)	(316,460)	(224,569)	(148,705)

FY2023 as compared to FY2022

The total revenue of the Group amounted to approximately RMB2,123.7 million for FY2023, representing an increase of approximately 126.9% as compared to that of approximately RMB935.9 million for FY2022. Such increase was primarily attributable to (a) the significant increase of approximately RMB951.4 million in the revenue of sale of properties due to the completion of properties under development in 2023; and (b) the increase of approximately RMB252.0 million in revenue generated from investment property development and operation as a result of the significant improvement of sales performance of outlets since the optimisation of the prevention and control policies for pandemic, offset by the decrease of approximately RMB15.6 million in revenue generated from sale of merchandise inventories. As a result of the significant increase in revenue generated from the sale of properties, the property development segment accounted for approximately 47.0% of total revenue for FY2023, whereas the investment property development and operation segment accounted for approximately 43.8% of total revenue for FY2023.

The Group's gross profit decreased by approximately 0.4% from approximately RMB322.2 million for FY2022 to approximately RMB321.0 million for FY2023, mainly due to the decrease in gross profit margin from 34.4% for FY2022 to 15.1% for FY2023. The Group's property development business recorded a gross loss margin of approximately 22% for FY2023. Since the significant increase in revenue generated from property development business with gross loss margin, the Group's gross profit margin decreased in 2023.

The Group's net other gains increased by approximately 2,305.9% from approximately RMB17.3 million for FY2022 to approximately RMB417.1 million for FY2023, mainly due to (a) the increase in fair value gains on investment properties from approximately RMB15.5 million for FY2022 to approximately RMB216.2 million for FY2023; and (b) the one-off gain on disposal of subsidiaries of approximately RMB231.4 million during the year of 2023. As disclosed in the 2023 Annual Report, the Group disposed its outlet projects in Wuhan and Jinan to repay the interest-bearing debts.

The Group's finance costs increased by approximately 20.6% from approximately RMB504.0 million for FY2022 to approximately RMB607.8 million for FY2023, mainly due to the increase in interest expenses on bank and other financial institution borrowings and the decrease in interests capitalised.

Owing to the factors as mentioned above, the Group recorded a decrease in loss from continuing operations of approximately 42.2% from approximately RMB547.9 million for FY2022 to approximately RMB316.5 for FY2023.

6M2024 as compared to 6M2023

The total revenue of the Group amounted to approximately RMB746.4 million for 6M2024, representing an increase of approximately 19.4% as compared to that of approximately RMB625.0 million for 6M2023. Such increase was primarily attributable to a significant increase in revenue generated from property development in the first half of 2024 as compared to the same period in 2023, as well as the continuous increase in revenue generated from investment property development and operation. The property development segment and the investment property development and operation segment accounted for approximately 21.1% and 68.5% of total revenue for 6M2024, and approximately 47.0% and 43.8% of total revenue for FY2023, respectively. The fluctuation in revenue composition as compared to FY2023 was mainly due to the revenue in property development segment were mostly recognised when the property completed their development and put for sale in the second half of 2023.

The Group's gross profit increased by approximately 62.2% from approximately RMB208.1 million for 6M2023 to approximately RMB337.5 million for 6M2024, primarily attributable to the turnaround in the gross profit margin of property development business from a gross loss margin of approximately 185% for 6M2023 to a gross profit margin of approximately 1% for 6M2024.

The Group's net other gains decreased by approximately 84.7% from approximately RMB76.7 million for 6M2023 to approximately RMB11.7 million for 6M2024, which was mainly due to the decrease in fair value gains on investment properties from approximately RMB131.0 million for 6M2023 to approximately RMB6.0 million for 6M2024.

Owing to the factors as mentioned above, the Group recorded a decrease in loss from continuing operations by approximately 33.8% from approximately RMB224.6 million for 6M2023 to approximately RMB148.7 million for 6M2024.

(ii) *Financial position*

	As at 31 December		As at
	2022	2023	30 June
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)
Non-current assets	15,452,783	13,718,748	13,706,485
Property, plant and equipment	182,827	169,475	165,201
Right-of-use assets	10,694	7,893	6,799
Long-term prepaid expenses	65,704	45,441	40,040
Investment properties	14,725,509	13,143,600	13,149,600
Intangible assets and lease prepayment	34,555	33,058	31,964
Investments accounted for using the equity method	299,185	307,618	285,958
Derivative financial assets	105,386	—	—
Trade and other receivables and prepayments	28,923	11,663	26,923
Current assets	4,357,510	4,212,493	3,603,156
Inventories	2,690,328	2,143,262	2,035,832
Incremental costs of obtaining a contract	7,787	3,989	3,989
Trade and other receivables and prepayments	449,030	573,557	438,655
Restricted cash	72,705	21,177	31,239
Cash and cash equivalents	1,137,660	1,470,508	1,093,441
Total assets	<u>19,810,293</u>	<u>17,931,241</u>	<u>17,309,641</u>
Non-current liabilities	11,502,127	6,605,876	6,050,498
Borrowings	4,630,476	2,643,815	3,413,386
Lease liabilities	8,735	6,439	5,263
Other payables and accruals	5,959,018	3,148,467	1,799,979
Deferred income tax liabilities	903,898	807,155	831,870
Current liabilities	3,914,691	6,926,188	7,008,671
Trade payables	1,835,198	1,933,782	1,627,823
Other payables and accruals	363,653	3,187,984	4,480,903
Contract liabilities	319,165	195,564	69,054
Borrowings	1,314,301	1,553,354	773,124
Lease liabilities	2,861	1,797	2,338
Current income tax liabilities	79,513	53,707	55,429
Total liabilities	<u>15,416,818</u>	<u>13,532,064</u>	<u>13,059,169</u>

	As at 31 December		As at
	2022	2023	30 June
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)
Net current assets/(liabilities)	442,819	(2,713,695)	(3,405,515)
Net assets	4,393,475	4,399,177	4,250,472
Net assets attributable to owners of the Company	4,339,124	4,344,384	4,193,504
Gearing ratio (<i>Note</i>)	243.7%	194.6%	209.8%

Note: Being net debt divided by total equity. Net debt includes interest-bearing bank and other financial institution borrowings, loans under the asset support schemes, senior class asset-backed securities, and lease liabilities less cash and cash equivalents and restricted cash.

As at 30 June 2024, the total assets of the Group amounted to approximately RMB17,309.6 million, which primarily consisted of (a) investment properties of approximately RMB13,149.6 million; (b) inventories of approximately RMB2,035.8 million, which comprised properties under development, completed properties held for sale and merchandise inventories; and (c) cash and cash equivalents of approximately RMB1,093.4 million. The fair value of the Group's investment properties remained stable as at 30 June 2024 as compared to that as at 31 December 2023.

Investment properties

With reference to the 2024 Interim Report and the Valuation Report, the table below sets out the Group's investment properties as at 30 June 2024, which mainly comprised the Outlets operated by the Group that are located in 13 major cities in the PRC. As disclosed in the 2023 Annual Report, the Group disposed its outlet projects in Wuhan and Jinan to BCCDG in 2023 in order to optimise its asset and capital structure, and continued to be entrusted with the management of such two outlet projects. The Group's accounting policies stated that investment properties, including land use rights, buildings and investment properties under construction that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future, are stated at fair values in the consolidated statement of financial position.

Project	Approximate site area (sq.m.)	Total gross floor area (sq.m.)	Property type (sq.m.)	Attributable interests
Fangshan Capital Outlets	90,765	175,510	Commercial, carpark and ancillaries: 175,510	100%
Kunshan Capital Outlets	45,847	49,361	Outlets: 49,361	100%
	46,257	48,871	Outlets: 48,628 Storage: 243	100%
Huzhou Capital Outlets	214,317	95,330	Outlets: 95,330	100%
Nanchang Capital Outlets	56,833	123,794	Outlets: 79,337 Parking space: 44,457	100%
	30,153	13,994	Commercial: 13,994	40%
Hangzhou Capital Outlets	101,691	112,271	Outlets: 88,966 Parking space: 23,305	100%
Xi'an Capital Outlets	81,301	116,238	Outlets and parking space: 116,238	100%
Zhengzhou Capital Outlets	80,790	99,413	Outlets: 82,766 Parking space: 15,513 Ancillaries: 1,134	100%
Hefei Capital Outlets	87,910	94,744	Outlets: 71,265 Parking space: 21,781 Others: 1,698	100%
Chongqing Capital Outlets	74,349	113,168	Outlets: 81,715 Parking space: 31,453	100%
Kunming Capital Outlets	67,920	98,631	Outlets: 82,045 Parking space: 14,100 Others: 2,486	85%
Qingdao Capital Outlets	93,972	95,329	Outlets: 95,329	100%
Nanning Capital Outlets	101,973	142,839	Outlets: 142,839	100%
Xiamen Capital Outlets	55,656	123,612	Outlets, carpark and ancillaries: 123,612	100%
Beijing China Railway Construction Plaza	58,020	29,266	Commercial: 3,463 Office: 22,318 Garage: 3,485	50%

Development properties

With reference to the 2024 Interim Report and the Valuation Report, the table below sets out the Group's development properties as at 30 June 2024. Properties under development are intended to be held for sale after completion. Both of properties under development and completed properties held for sale are stated at the lower of cost and net realisable value.

Project	Approximate site area (sq.m.)	Unsold gross floor area (sq.m.)	Unsold ground floor area (sq.m.)	Property type	Attributable interests
Xi'an Capitalland International City	326,940	203,910	92,920	Residential/ Commercial/ Office buildings/ Parking space and others	100%
Nanchang Capital Outlets	30,153	24,325	24,325	Commercial	40%
Chongqing Capital Outlets	74,349	261	261	Commercial	100%
Nanning Capital Outlets	101,973	5,951	5,951	Commercial	100%
Jinan Capital Outlets	114,929	0	0	Commercial	100%

As at 30 June 2024, the total liabilities of the Group amounted to approximately RMB13,059.2 million, which primarily consisted of (a) other payables and accruals of approximately RMB6,280.9 million, which mainly comprised the senior class asset-backed securities issued by the Group and the loans received by the Group under the asset support schemes; (b) borrowings of approximately RMB4,186.5 million; and (c) trade payables of approximately RMB1,627.8 million.

As at 30 June 2024, the Group had equity attributable to owners of the Company of approximately RMB4,193.5 million and net current liabilities of approximately RMB3,405.5 million. As disclosed in the 2024 Interim Report, the Group had a gearing ratio of approximately 209.8% as at 30 June 2024.

(iii) Overall comments

Despite the increase in revenue from FY2022 to FY2023 and from 6M2023 to 6M2024, the Group still recorded a net loss for FY2023 and 6M2024. Although the Group recorded revenue generated from property development of approximately RMB998.2 million for FY2023 as compared to approximately RMB46.7 million for FY2022, the property development segment recorded a gross loss for FY2023. Inventories, which comprised properties under development, completed properties held for sale and merchandise inventories, only accounted for approximately 11.8% of the Group's total assets as at 30 June 2024. We expect the Group's revenue will continue to be derived mainly from investment property development and operation in the near future. However, the retail property market in China is subject to uncertainties and challenges in the near future as discussed in section headed "2. Industry overview and outlook" below.

The Group had a gearing ratio of approximately 209.8% as at 30 June 2024. It recorded finance costs of approximately RMB607.8 million for FY2023 and approximately RMB290.0 million for 6M2024, while gross profit was only approximately RMB321.0 million for FY2023 and RMB337.5 million for 6M2024. As mentioned in the 2024 Interim Report, the Group's current liabilities repayable within one year from 30 June 2024 amounted to RMB4,754.4 million, which comprised of other financial institution borrowings totalling RMB705.8 million repayable in July 2024, other payables related to the asset support scheme of RMB1,349.1 million repayable in April 2025, and other payables related to the senior class asset-backed securities of RMB2,699.6 million wholly redeemable in December 2024. Given the significant amount of liabilities payable within one year while the Group only had cash and cash equivalent of approximately RMB1,093.4 million as at 30 June 2024, the Group currently is under financial pressure. Having taking into account that (i) the Group had been loss making for years; (ii) the retail property market in China is subject to uncertainties and challenges in the near future; and (iii) the financial pressure the Group is under, we consider that the Group's prospect to be uncertain.

2. Industry overview and outlook

(i) *Economic growth and retail sales*

The table below sets out the PRC's (a) real gross domestic product ("GDP") growth; and (b) consumer goods retail sales growth for the years or period indicated:

year on year/period to period growth/(contraction) rate	2019	2020	2021	2022	2023	First three quarters of 2024
Real GDP	6.0%	2.2%	8.1%	3.0%	5.2%	4.8%
Consumer goods retail sales	8.0%	(3.9%)	12.5%	(0.2%)	7.2%	3.3%

Source: National Bureau of Statistics of China

Adversely affected by the COVID-19 outbreak since early 2020, the PRC's economic growth decelerated to 2.2% in 2020. Due to the recovery of the economy from the low base in 2020, the PRC's economy grew rapidly at 8.1% in 2021, but fell back to 3.0% in 2022 due to the resurgence of the epidemic. In 2023 and the first three quarters of 2024, the PRC's economy gradually recovered and the GDP mildly grew by 5.2% and 4.8%, respectively.

In the first three quarters of 2024, consumer goods retail sales increased by 3.3%, which represented a downturn in recovery as compared to the growth rate of 7.2% in 2023 and also underperformed as compared to the growth rate of 8.0% in 2019 prior to COVID-19. Such a slowdown in the recovery of consumer goods retail sales may adversely affect the rental demand of the Group's tenants and the sales volume of the Group's own merchandise.

(ii) *Property development market*

The table below sets out the PRC's (a) the growth in investment in real estate development; (b) the growth in sales of newly built buildings; and (c) the growth in floor area of newly built buildings sold for the years or period indicated:

year on year/period to period growth/(contraction) rate	2019	2020	2021	2022	2023	First three quarters of 2024
— Investment in real estate development	9.9%	7.0%	4.4%	(10.0%)	(9.6%)	(10.1%)
— Sales of newly built buildings	6.5%	8.7%	4.8%	(26.7%)	(6.5%)	(22.7%)
— Floor area of newly built buildings sold	(0.1%)	2.6%	1.9%	(24.3%)	(8.5%)	(17.1%)

Source: National Bureau of Statistics of China

In the first three quarters of 2024, the investment in real estate development, sales of newly built buildings and floor area of newly built building sold decreased by approximately 10.1%, 22.7% and 17.1%, respectively, which continued the contracting trend since 2022. In August 2020, the PRC government imposed the three red lines guidance (the “**Three Red Lines Guidance**”) on real estate developers by assessing their financial situation against three ratios, namely liability-to-asset ratio, net gearing ratio and cash-to-short-term debt ratio. Many property developers had to deleverage so as to comply with the requirements under the Three Red Lines Guidance, which has adversely affected their liquidity and therefore the investment in real estate development. Affected by the slowdown in economic growth, the willingness of residents to purchase residential properties and enterprises to purchase commercial properties has declined as well, resulting in a decrease in the sales amount and floor area of buildings sold.

(iii) *Retail property market*

	Vacancy rate as at 30 June 2024	Vacancy rate change from 1 January 2024 to 30 June 2024 (Note 1)	Rent change from 1 January 2024 to 30 June 2024 (Note 2)
Nationwide	10.3%	-0.3	-0.7%
— Beijing, Shanghai, Guangzhou, Shenzhen	7.1%	-0.3	-0.0%
— Chengdu, Wuhan, Chongqing, Nanjing, Hangzhou, Suzhou	10.8%	-0.4	-1.0%
— Tier two cities (Xi'an, Shenyang, Qingdao and other 8 cities)	12.6%	-0.2	-1.1%

Source: JLL research

Notes:

1. Shown in percentage points.
2. Less than 0.1%.

According to a China retail market report (<https://www.joneslanglasalle.com.cn/content/dam/jll-com/documents/pdf/research/apac/china/jll-1h-2024-china-retail-market-report-en-v2.pdf>) published on 13 August 2024 by JLL, a global real estate services firm specialising in commercial property and investment management, the average vacancy rate of the retail properties in 21 major cities in China was approximately 10.3% in the first half of 2024 as compared to approximately 7.6% as at 31 December 2019 before the epidemic. In particular, the retail properties in the tier two cities recorded higher average vacancy rate than those in the tier one cities. National premium retail property market supply amounted to approximately 2.9 million sq.m., representing a decrease of approximately 22.6% as compared to that for 6M2023. The decline in supply and high vacancy rate reflect a lack of demand for retail properties.

National rents also recorded a downward trend. The average ground floor rents in prime shopping centers fell by approximately 0.7% in the first half of 2024, which continued the downward trend in 2023 which recorded a decrease of approximately 1.0%, and still lack sustained growth momentum. As discussed in the subsection headed “(i) Economic growth and retail sales” above, retail sales of consumer goods recorded downturn in its recovery and grow at a rate significantly lower than the year prior to the pandemic. Given the slow in

growth in consumer retail demand, JLL expected that the vacancy rate of retail properties will continue to increase in the second half of 2024 and the rents are on the other hand likely to face continued downward pressure.

(iv) Outlook

The Group focuses on outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC. The slowdown in economic growth and retail sales growth and inadequate consumer demand have adversely affected the vacancy rate and rent level of retail properties in the PRC, which in turn affected the Group's rental income derived from its retail property projects. The vacancy rate of retail properties is expected to continue to increase in the second half of 2024 and the rents are on the other hand likely to face continued downward pressure. In addition, the PRC property development market has been contracting since 2022. As such, we consider the operating performance of the Group is uncertain in the near term.

3. Information on the Offeror and the future intention of the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, the Offeror directly holds approximately 60.38% of the issued share capital of the Company and is indirectly wholly-owned by BCCDG which is in turn wholly-owned by Capital Group. Capital Group is in turn under the direct supervision of the People's Government of Beijing Municipality. The principal business of the Offeror is investment holding.

As disclosed in the Letter from the Board, Capital Group, BCCDG and the Offeror will continue to review and consider the Company and its assets, corporate structure, capitalisation, operations, properties, policies, management and personnel and reserve the right to make changes which, if any, would be appropriate or desirable following the Proposal in order to best organise and optimise the activities of the Group, which may include, but are not limited to, any changes in the business and operations of the Group or the redeployment of fixed assets of the Group.

As at the Latest Practicable Date, the Offeror does not have any specific plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal, other than in the ordinary course of business of the Group.

4. Reasons for and benefits of the Proposal

The Group's principal business, which involves the development, operation, and management of outlet-backed commercial integrated projects, is inherently capital-intensive. As discussed in the section headed "Background information of the Group" above, the Group had a high gearing ratio of approximately 209.8% as at 30 June 2024. Finance costs have eroded the Group's profits. The Group recorded finance costs of approximately RMB607.8 million for FY2023 and approximately RMB290.0 million for 6M2024, while gross profit was only approximately RMB321.0 million for FY2023 and RMB337.5 million for 6M2024.

The trading liquidity of the Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 12-month period, 24-month period and 36-month period up to and including the Last Trading Day were approximately 2.87 million, 1.44 million and 0.96 million Shares per day, representing only approximately 0.27%, 0.13% and 0.09% of the total number of the Shares as at the Announcement Date, respectively. Given the low trading liquidity of the Shares, we concur with the Directors that it is difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, due to the very low liquidity of the Shares, the price of the Shares may not fully reflect the intrinsic value of the Company and devalues the investment of the Scheme Shareholders. As such, the Proposal presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the consideration received under the Scheme into other investment opportunities.

It is noted that during the period after the completion of the very substantial acquisition of the Company (the “**Acquisition**”) which constituted a reverse takeover as detailed in the announcement of the Company dated 22 January 2015 and up to the Last Trading Day, the Share price exhibited a general downward trend from HK\$2.93 on 22 January 2015, being the completion date of the Acquisition, to HK\$0.58 on the Last Trading Day. Prior to the Acquisition, the Company was principally engaged in the production of chemicals. Given the change in principal business of the Group following the Acquisition, we consider the Share price performance prior to the completion of the Acquisition is not relevant to the investors’ assessment of the Group’s current property business performance.

As stated in the Letter from the Board, the Proposal allows an exit for the Scheme Shareholders at a compelling premium to the market price prior to the date of the Announcement. The Cancellation Price represents a significant premium of approximately 46.55% over the closing price of the Shares on the Last Trading Day of HK\$0.58, approximately 41.75% and 65.44% over the average closing price of approximately HK\$0.60 and HK\$0.51 per Share for the 30 and 90 trading days up to and including the Last Trading Day, respectively. In addition, based on the median price-to-book multiple of the Comparable Companies (as defined below) of approximately 0.18 time on the Last Trading Day and the Reassessed NAV (as defined below) per Share of approximately HK\$1.84, the implied Share price is HK\$0.3312, over which the Cancellation Price represents a premium of approximately 156.64%. For our further analysis of the Cancellation Price, please refer to the section headed “Cancellation Price” below.

We have reviewed the announcements published by the Company and noted that the Company has not carried out any equity fundraising activities since the completion (“**Completion**”) of the issue of new Shares and perpetual convertible bond securities in December 2016. Although the Company has discussed the feasibility of raising funds through equity financing following Completion, due to (a) the long-term underperformance in the prices and trading liquidity of the Shares; (b) the Group’s loss-making position since 2018; and (c) the public float requirement of 25% limiting the subscription size of strategic investors and restricting the Offeror to participate in the placing given that the Offeror and the Offeror Concert Parties held approximately 75% of the total then issued Shares following Completion, the Company does not expect to be able to reach agreement with any potential investors with favourable terms that are in the interests of the

Shareholders and the Company as a whole. Given the Company has limited ability to raise funds through equity financing, which is one of the main benefits of being publicly listed while having to continue to incur various costs associated with the maintenance of its listing status, we concur with the Directors that there are limited benefits for the Company to maintain its listing status. Upon privatisation, the listing of the Shares will be withdrawn from the Stock Exchange, which will result in savings of costs associated with the maintenance of its listing status.

Based on the aforesaid, we consider that the Proposal (i) provides an opportunity for the Scheme Shareholders to dispose of their Shares at a price above the market prices prior to the issue of the Announcement, without having to suffer any illiquidity discount; (ii) upon its realisation, will allow the Group to focus its resources in formulating long-term growth strategies and executing its strategies more efficiently and effectively as a non-listed state-owned entity, without being subject to regulatory restrictions, compliance obligations, pressure of market expectations and share price fluctuations arising from being a publicly listed company; (iii) will allow the Group to reduce the costs associated with maintaining a listing platform with limited equity financing capabilities; and (iv) will allow the Group to utilise the support of Capital Group and BCCDG more efficiently.

5. Valuation on property interests of the Group and the Reassessed NAV

(i) *Valuation on property interests of the Group*

The Valuation Report prepared by Cushman & Wakefield Limited (the “**Valuer**”) relating to the valuation of the properties held by the Group in the PRC (the “**Properties**”), is set out in Appendix II to the Scheme Document. According to the Valuation Report, the valuation of the properties interests in existing state as at 31 October 2024 attributable to the Group is approximately RMB15,510.9 million (the “**Valuation**”).

We have reviewed the terms, including the scope of work, of engagement between the Company and the Valuer, which we consider to be appropriate. We noted that the Valuer carried out site inspections of the Properties in between June and November 2024.

We have reviewed the Valuation Report and discussed with the Valuer methodologies of and bases and assumptions adopted for the valuations and adjustments made to arrive at the valuation.

In valuing the Properties which are completed properties held for sale in the PRC (“**Properties in Group I**”), the Valuer have mainly adopted market comparison method assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. Given that the Properties in Group I are mostly strata residential units, ancillary commercial podium units and car parking spaces, comparable sales transactions and information about such sales are generally available. Therefore, we concur with the valuer that using market comparison method for the Properties in Group I is in line with the market practice.

In valuing the Properties which are completed properties held for investment in the PRC (“**Properties in Group II**”), the Valuer have adopted the investment method on the basis of capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the properties at appropriate capitalisation rates. We understand from the Valuer that for Properties in Group II, the market comparison approach is not appropriate in this case because transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. As most Properties in Group II generate rental income from letting arrangements and such rental comparables are more readily available, we concur with the Valuer that the investment method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these Properties in Group II. When using the investment method, the Valuer has 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. We understand these consideration factors are commonly used in the industry and consider it to be reasonable.

As disclosed in the Valuation Report, the capitalisation rates adopted for the purpose of the valuation are based on the Valuer’s analyses of the yields of properties of similar use type after due adjustments. We have discussed and understand such capitalisation rates are estimated with 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. We are given to understand that 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.

(ii) *Reassessed NAV*

In evaluating the Proposal, we have taken into account the Group’s reassessed net asset value attributable to the Shareholders (the “**Reassessed NAV**”), which is calculated based on the Group’s unaudited net asset value as at 30 June 2024, adjusted with reference to the valuation of properties interests held by the Group as set out in Appendix II to the Scheme Document and assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares since the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities were accounted as equities of the Company. The total net assets of the Group are attributable to all holders of the Shares, Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities.

With reference to the Scheme Document, details of the adjustments are set out in the table below:

	<i>RMB'000</i>
Unaudited net asset value of the Group as at 30 June 2024	4,193,504
Add: net revaluation surplus arising from the valuation of the property interests attributable to the Group as at 31 October 2024 (<i>Note 1</i>)	116,616
Subtract: net deferred tax on revaluation surplus attributable to the Group (<i>Note 2</i>)	29,154
Reassessed NAV	4,280,966
Reassessed NAV per Share (RMB) (<i>Note 3</i>)	1.68
Reassessed NAV per Share (HK\$) (<i>Note 4</i>)	1.84

Notes:

1. Represents the net revaluation surplus arising from the net excess of the market value of the property interests held by the Group in existing state attributable to the Group as at 31 October 2024, as appraised by the Valuer, over their corresponding book values attributable to the Group as at 30 June 2024.
2. Based on the PRC corporate income tax of 25%.
3. Based on 2,547,652,479 Shares in issue and assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares as at the Latest Practicable Date.
4. Based on the exchange rate of HK\$1:RMB0.91268, being the median exchange rate on 28 June 2024 (being the last business day in the PRC in June 2024) as announced by the People's Bank of China.

6. Cancellation Price

The Scheme will provide that all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.85 in cash for each Scheme Share. In order to assess the fairness and reasonableness of the Cancellation Price, we have considered the following principal factors:

(i) *Cancellation Price comparison*

The Cancellation Price of HK\$0.85 per Scheme Share in cash represents:

- (a) a premium of approximately 3.66% over the closing price per Share of HK\$0.82 on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 46.55% over the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 54.55% over the average closing price of HK\$0.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 55.11% over the average closing price of HK\$0.548 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 41.75% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 47.85% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 65.44% over the average closing price of approximately HK\$0.51 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (h) a discount of approximately 52.87% to the NAV per Share of approximately HK\$1.80 as at 30 June 2024 (equal to approximately RMB1.65, calculated based on the unaudited equity attributable to owners of the Company of RMB4,193,504,000 as at 30 June 2024 and 2,547,652,479 Shares in issue assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares); and

- (i) a discount of approximately 53.83% to the Reassessed NAV per Share of approximately HK\$1.84 as set out in Appendix I of the Scheme Document.

(ii) Historical price performance of the Shares

Set out below is the chart showing the movement of the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 1 November 2022 up to the Last Trading Day (the “**Review Period**”), being approximately two years period prior to the Last Trading Day, and the period from the Last Trading Day up to the Latest Practicable Date (the “**Post-Announcement Period**”). We consider such Review Period to be fair, reasonable and representative as we consider it a sufficient period to illustrate the general trend and level of movement of the daily closing prices of the Shares for the purpose of this analysis, which reflects the prevailing market sentiment for conducting a comparison between the closing prices of the Shares and the Cancellation Price.

Chart 1: Historical price performance of the Shares during the Review Period and the Post-Announcement Period

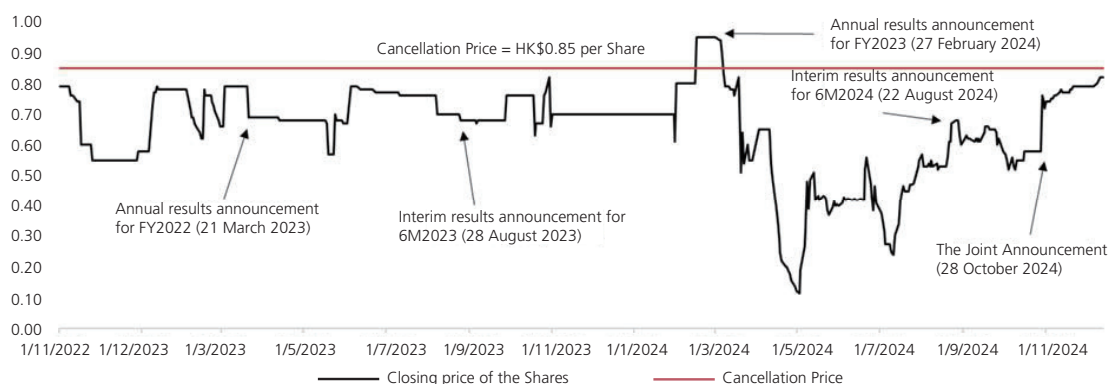
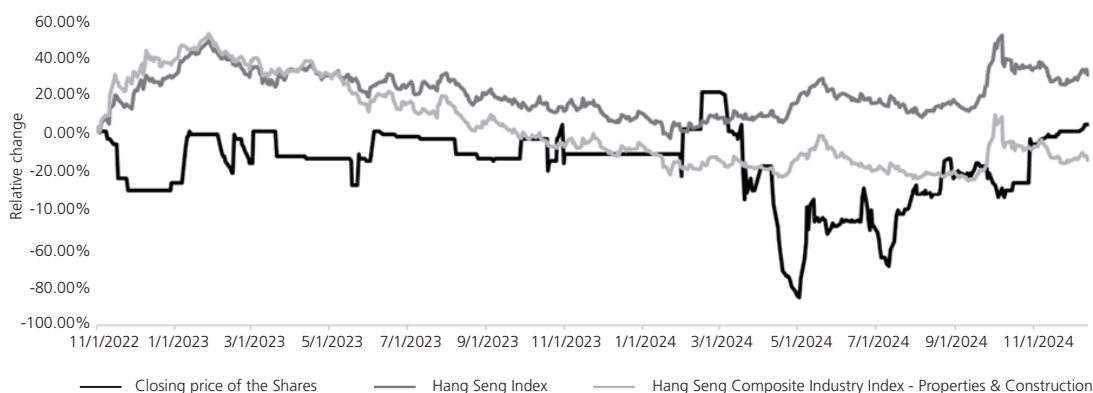


Chart 2: Comparison of performance of the Share price with the Hang Seng Index and the Hang Seng Composite Industry Index (Properties & Construction)



As illustrated in the Chart 1 above, the Shares traded at an average of approximately HK\$0.65 per Share during the Review Period, with the highest of HK\$0.95 per Share on 16 February 2024 and the lowest of HK\$0.114 per Share on 2 May 2024. The Cancellation Price represents a premium of approximately 30.77% over the average closing price during the Review Period.

Out of 479 trading days during the Review Period, there were only 14 trading days (i.e. from 16 February 2024 to 6 March 2024, and during the period from 17 February 2024 to 5 March 2024 there was no trading in the Shares) on which the historical closing prices of the Shares were higher than the Cancellation Price of HK\$0.85 per Share. The closing prices of the Shares fluctuated between HK\$0.55 per Share and HK\$0.82 per Share during the period from 1 November 2022 to 15 February 2024. The Share price increased by 18.75% to HK\$0.95 per Share on 16 February 2024. However, following the announcement of the annual results for FY2023 on 27 February and KKR CG Judo Outlets, a former substantial Shareholder, began selling Shares on the market in April 2024, the Share price fell rapidly and reached the lowest of HK\$0.114 per Share on 2 May 2024. Since then, the Share price has fluctuated and closed at HK\$0.58 per Share on the Last Trading Day, over which the Cancellation Price represents a premium of approximately 46.55%.

As shown in the Chart 2 above, the Share price generally underperformed the Hang Seng Index and the Hang Seng Composite Industry Index for properties and construction sector during the Review Period, which we consider was mainly due to (a) the Group's unsatisfactory financial performance; and (b) the Group's uncertain prospect amidst the industry downturn. In addition, the sale of Shares on the market by KKR CG Judo Outlets caused the Share price to fall sharply in mid-April to early May 2024 and late June to mid-July 2024. In 2024, the Hang Seng Index demonstrated a general upward trend. The Hang Seng Index increased by approximately 54.40% from 14,961 points on 22 January 2024 to 23,100 points on 7 October 2024. The Hang Seng Index then dropped to 20,287 points on the Last Trading Day. The Hang Seng Composite Industry Index for properties and construction sector generally followed the Hang Seng Index with a greater decrease in 2023, then also surged in September 2024, increasing by approximately 45.7% from 1,294 points on 11 September 2024 to 1,885 points on 2 October 2024, and closed at 1,642 points on the Last Trading Day. During the Review Period, the Share price decreased by approximately 26.58% while the Hang Seng Index increased by approximately 31.26% and the Hang Seng Composite Industry Index for properties and construction sector decreased by approximately 5.31%.

Subsequent to the publication of the Announcement, the closing price of the Shares surged to HK\$0.76 per Share on 29 October 2024. The closing price of the Shares was HK\$0.82 per Share as at the Latest Practicable Date, over which the Cancellation Price represents a premium of approximately 3.66%.

The Cancellation Price is higher than the closing prices of the Shares on 465 out of 479 trading days during the entire Review Period, and represents a premium of approximately 30.77% over the average closing price during the Review Period. There was no trading in the Shares on 12 out of 14 trading days on which the Cancellation Price is lower than the closing prices of the Shares. From the Scheme Shareholders' perspective, the Cancellation Price represents an immediate uplift in the Shareholders' value as compared to the recent Share price. We are of the view that the aforesaid surge in the Share price subsequent to the publication of the Announcement was driven by the announcement of the Proposal, in particular, the Cancellation Price of HK\$0.85 per Share. However, the Scheme Shareholders should note that the Shares were still traded below the Cancellation Price as at the Latest Practicable Date and the prevailing Share price may not be sustained if the Scheme is not approved or the Proposal lapses. Considering the Share price generally underperformed the Hang Seng Index and the Hang Seng Composite Industry Index for properties and construction sector during the Review Period, if the Scheme becomes effective and the Proposal is implemented, the Scheme Shareholders would have the opportunity to reinvest the proceeds in other companies to achieve higher returns.

(iii) Historical trading liquidity of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of the Shares in issue and held by the public during the period from 1 November 2022 to the Latest Practicable Date:

	Number of trading days	Approximate average daily trading volume of the Shares	Approximate percentage of average daily trading volume to the total number of the Shares in issue (Note 1)	Approximate percentage of average daily trading volume to the total number of the Shares held by the public (Note 2)
2022				
November	22	20,091	0.0021%	0.0084%
December	20	500	0.0001%	0.0002%

	Number of trading days	Approximate average daily trading volume of the Shares	Approximate percentage of average daily trading volume to the total number of the Shares in issue (Note 1)	Approximate percentage of average daily trading volume to the total number of the Shares held by the public (Note 2)
2023				
January	18	1,111	0.0001%	0.0005%
February	20	1,400	0.0001%	0.0006%
March	23	87	0.0000%*	0.0000%*
April	17	—	—	—
May	21	1,619	0.0002%	0.0007%
June	21	6,000	0.0006%	0.0025%
July	20	100	0.0000%*	0.0000%*
August	23	—	—	—
September	19	3,053	0.0003%	0.0013%
October	20	23,100	0.0024%	0.0096%
November	22	—	—	—
December	19	—	—	—
2024				
January	22	273	0.0000%*	0.0001%
February	19	421	0.0000%*	0.0002%
March	20	7,300	0.0008%	0.0030%
April	20	3,135,500	0.3261%	1.3044%
May	21	14,788,110	1.5380%	6.1519%
June	19	2,406,526	0.2255%	0.6955%
July	22	9,218,902	0.8638%	2.6641%
August	22	1,701,636	0.1595%	0.4918%
September	19	1,547,263	0.1450%	0.4471%
October	13	7,342,231	0.6880%	2.1218%
November	21	3,039,837	0.2617%	0.6902%
From 1 December to the Latest Practicable Date	10	3,051,049	0.2627%	0.6927%

* Less than 0.0001%

Source: the website of the Stock Exchange

Notes:

1. Based on the total number of the Shares in issue at the end of each month or period as disclosed in the monthly return of the Company.
2. Based on the number of the Shares held by the public Shareholders as calculated by deducting the number of Shares held by the Offeror and the Offeror Concert Parties as at the Latest Practicable Date.

As illustrated in the above table, the trading of the Shares was generally inactive during the Review Period. No Shares were traded (a) in the months of April, August, November and December 2023; and (b) on 312 trading days out of 479 trading days during the Review Period.

The maximum average daily trading volume of the Shares during the Review Period was approximately 14,788,110 Shares in May 2024, representing approximately 1.5380% of the total issued Shares and approximately 6.1519% of the issued Shares held by the public. We consider the high trading volume in April, May and July 2024 was possibly due to the disposal of Shares on the market by KKR CG Judo Outlets, a former substantial Shareholder.

Given the historical thin liquidity of the Shares, it may be difficult for the Scheme Shareholders to dispose of a significant number of the Shares within a short period in the market without exerting downward pressure on the market prices of the Shares. In addition, the higher level of trading volume of the Shares after the publication of the Announcement may not be sustained if the Proposal lapses. As such, we consider that the Proposal represents an opportunity for the Scheme Shareholders, especially those with relatively sizeable shareholdings, to exit at the Cancellation Price which is above the prevailing trading price.

(iv) *Comparable companies*

The Group is principally engaged in commercial property development and operation management, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC.

Price-to-earnings (“**P/E(s)**”), price-to-book (“**P/B(s)**”) and price-to-sale (“**P/S(s)**”) multiples are the three most commonly used benchmarks in valuing a company. Given that (a) the Group was loss making for FY2023 and 6M2024; (b) the Group recorded net assets position as at 30 June 2024 and investment properties accounted for approximately 76.0% of the Group’s total assets as at 30 June 2024, which indicated the Group’s business being capital intensive; and (c) the Group recorded volatile revenue for the two years ended 31 December 2023, we consider the valuation methodology using P/B is more appropriate in valuing the Group. Based on (a) the Cancellation Price of HK\$0.85 per Share; and (b) the Reassessed NAV per Share of approximately HK\$1.84, the P/B implied by the Cancellation Price is approximately 0.46 time (the “**Implied P/B**”).

In assessing the fairness and reasonableness of the Cancellation Price, we consider that it is relevant to assess the Cancellation Price by making reference to the market valuation of companies listed in Hong Kong which are principally engaged in business similar to that of the Group. We have, based on our search on Bloomberg and the website of the Stock Exchange, identified an exhaustive list of companies (the “**Comparable Companies**”) which (a) are principally engaged in property investment in the PRC; (b) have their shares listed and traded on the Main Board of the Stock Exchange; and (c) have a market capitalisation ranging from HK\$100 million to HK\$1,000 million on the Last Trading Day, being approximately plus or minus HK\$500 million range of the market capitalisation of the Company of approximately HK\$619 million on the Last Trading Day, which we consider to be reasonable and appropriate to identify sufficient sample size of the Comparable Companies. Based on the aforesaid criteria, we have identified six Comparable Companies, which represents an exhaustive list. We consider that the Comparable Companies are fair and representative for comparison purpose as (a) all of them generated more than 50% of total revenue from the property investment in the PRC, as did the Group; and (b) their market capitalisation is generally comparable to that of the Group. We have not included asset size as one of the selection criteria for the Comparable Companies, given that if we set ranges for market capitalisation and asset size at the same time, the P/B of the Comparable Companies calculated based on the market capitalisation and asset size would also fall within a fixed range which may affect our analysis, whereas we consider the Comparable Companies with comparable market capitalisation could provide a more useful reference for the Shareholders. We have not included companies principally engaged in property development and sales, or companies principally engaged in retailing as comparable companies because (a) the property development business only contributed approximately 4.99%, 47.00% and 21.06% of the Group’s total revenue for FY2022, FY2023 and 6M2024, respectively, which fluctuated significantly and may not be sustainable as it was dependent on the period of sales of completed properties and recorded gross loss in 2022 and 2023; (b) the sale of merchandise inventories contributed only approximately 22.46%, 9.16% and 10.42% of the Group’s total revenue for FY2022, FY2023 and 6M2024, respectively; (c) the property investment business contributed approximately 72.55%, 43.84% and 68.51% of the Group’s total revenue for FY2022, FY2023 and 6M2024, respectively; and (d) investment properties accounted for approximately 76.0% of the Group’s total assets as at 30 June 2024 while inventories, which comprised properties under development, completed properties held for sale and merchandise inventories, only accounted for approximately 11.8%.

The following table set out the details of the Comparable Companies:

Company name (stock code)	Principal business	Market capitalisation on the Last Trading Day (HK\$ million)	P/B (Note 1) (times)
Multifield International Holdings Limited (898.HK)	Property investment; provision of serviced apartment and property management services; and trading and investments.	702.3	0.09
China Asia Valley Group Limited (63.HK) (“China Asia Valley”)	Property investment; horticultural services and sale of plants; and property management and other related services.	571.7	1.17 (Note 3)
Silver Grant International Holdings Group Limited (171.HK)	Investments and property leasing.	283.5	0.10
China City Infrastructure Group Limited (2349.HK)	Property development, property investment, and property management.	212.7	0.35
Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (1379.HK)	Property leasing and sales of completed properties.	180.0	0.21
Everbright Grand China Assets Limited (3699.HK)	Property leasing and provision of property management services.	169.9	0.16
		Maximum	1.17
		Minimum	0.09
		Average	0.35
		Median	0.18
	The Company	619.0	0.46 (Note 2)

Source: the website of the Stock Exchange and Bloomberg

Notes:

- For each of the Comparable Companies, its P/B is calculated based on (a) the market capitalisation on the Last Trading Day; and (b) the net asset value attributable to its shareholders as at the end of the latest financial year or period;
- Being the Implied P/B; and
- Based on our review of the financial reports of China Asia Valley, it was mainly engaged in property management for FY2023, but started to engage in sub-leasing business in the first half of 2024. The sub-leasing business contributed to over 50% of China Asia Valley’s total revenue for the last twelve months ended 30 June 2024. The leased properties in relation to operating lease used in sub-leasing business, meet the definition of investment properties. We consider the high P/B of China Asia Valley as compared to other Comparable Companies may be due to that the share price has not fully reflected the sudden change in its business model.

As shown in the table above, the P/Bs of the Comparable Companies ranged from approximately 0.09 time to approximately 1.17 times, with an average and a median of approximately 0.35 time and 0.18 time, respectively, on the Last Trading Day. The Implied P/B of approximately 0.46 time is higher than the average and the median of those of the Comparable Companies.

Although only in FY2023 the Group generated a considerable portion of revenue from property development and this may not be sustainable, the Group's significant property interests are considered to be similar to and comparable with property development companies, whose assets also substantially consist of property interests. Therefore, we have prepared another list of companies primarily engaged in property development for the Scheme Shareholders' reference.

We have, based on our search on Bloomberg and the website of the Stock Exchange, identified an exhaustive list of companies (the "**Property Development Companies**") which (a) generated more than 50% of total revenue from property development in the PRC; (b) have their shares listed on the Main Board of the Stock Exchange and trading has not been suspended; (c) have a market capitalisation ranging from HK\$100 million to HK\$1,000 million on the Last Trading Day; and (d) have a net asset position. Based on the aforesaid criteria, we have identified 29 Property Development Companies, which represents an exhaustive list.

The following table set out the details of the Property Development Companies:

Company name (stock code)	Market capitalisation on the Last Trading Day (HK\$ million)	P/B (Note 1) (times)
Road King Infrastructure Ltd. (1098.HK)	959.2	0.07
China Sce Group Holdings Limited (1966.HK)	886.8	0.15
Zhong An Group Limited (672.HK)	851.0	0.08
China New Town Development Company Limited (1278.HK)	797.6	0.17
Guangdong Land Holdings Limited (124.HK)	753.1	0.16
Top Spring International Holdings Ltd. (3688.HK)	706.4	0.10
Zhongliang Holdings Group Company Limited (2772.HK)	643.9	0.12
Jy Grandmark Holdings Limited (2231.HK) ("Jy Grandmark")	576.2	4.54 (Outlier)
Weiye Holdings Limited (1570.HK)	568.8	0.43
Glory Health Industry Limited (2329.HK)	551.1	0.05
Chinney Investments, Ltd. (216.HK)	435.6	0.06

Company name (stock code)	Market capitalisation on the Last Trading Day (HK\$ million)	P/B (Note 1) (times)
Krp Development Holdings Limited (2421.HK)	353.8	0.38
Redsun Properties Group Limited (1996.HK)	350.6	0.11
Chen Xing Development Holdings Limited (2286.HK)	342.0	0.25
Ganglong China Property Group Limited (6968.HK)	311.4	0.07
Cosmopolitan International Holdings Ltd. (120.HK)	309.9	0.32
Hua Yin International Holdings Limited (989.HK)	280.9	1.97
Sino Harbour Holdings Group Limited (1663.HK)	278.4	0.15
China Tangshang Holdings Limited (674.HK)	253.7	0.38
Million Cities Holdings Limited (2892.HK)	232.5	0.34
Guangdong-Hong Kong Greater Bay Area Holdings Limited (1396.HK)	232.0	0.18
China Sandi Holdings Limited (910.HK)	229.0	0.05
Leading Holdings Group Limited (6999.HK)	225.9	0.14
Applied Development Holdings Limited (519.HK)	220.0	0.29
Y. T. Realty Group Ltd. (75.HK)	207.9	0.20
Jiande International Holdings Limited (865.HK)	122.6	0.14
Zhong Jia Guo Xin Holdings Company Limited (899.HK)	119.6	0.09
Golden Wheel Tiandi Holdings Company Limited (1232.HK)	115.1	0.61
Talent Property Group Limited (760.HK)	100.4	0.06
	Maximum	1.97
	Minimum	0.05
	Average	0.25
	Median	0.15
The Company	619.0	0.46 (Note 2)

Source: the website of the Stock Exchange and Bloomberg

Notes:

- For each of the Property Development Companies, its P/B is calculated based on (a) the market capitalisation on the Last Trading Day; and (b) the net asset value attributable to its shareholders as at the end of the latest financial year or period.

2. Being the Implied P/B.
3. Jy Grandmark's NAV per share decreased from approximately HK\$0.24 as at 31 December 2023 to approximately HK\$0.08 as at 30 June 2024, which resulted in a significant increase in its P/B ratio following its publication of the interim results for 6M2024.

As shown in the table above, the Property Development Companies had a range of P/B from approximately 0.05 time to 1.97 times, with an average and a median of approximately 0.25 time and 0.15 time, respectively, on the Last Trading Day. The Implied P/B of approximately 0.46 time is higher than the average and the median of those of the Property Development Companies.

In view of the above, we consider the Cancellation Price to be fair and reasonable as far as the Scheme Shareholders are concerned.

(v) Dividend payout ratio and dividend yield

For FY2023 and 6M2024, the Company did not declare any interim and final dividend. As such, the dividend payout ratio and dividend yield of the Company are both nil for FY2023 and 6M2024. We have reviewed the dividend payout ratios and dividend yields of the Comparable Companies on the Last Trading Day, as illustrated below:

Comparable Companies (stock code)	Dividend payout ratio <i>(Note 1)</i>	Dividend yield <i>(Note 2)</i>
Multifield International Holdings Limited (898.HK)	13.0%	2.4%
China Asia Valley Group Limited (63.HK)	Not applicable*	Nil
Silver Grant International Holdings Group Limited (171.HK)	Not applicable*	Nil
China City Infrastructure Group Limited (2349.HK)	Not applicable*	Nil
Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (1379.HK)	Nil	Nil
Everbright Grand China Assets Limited (3699.HK)	30.1%	2.2%

* Those companies recorded net loss for 6M2024.

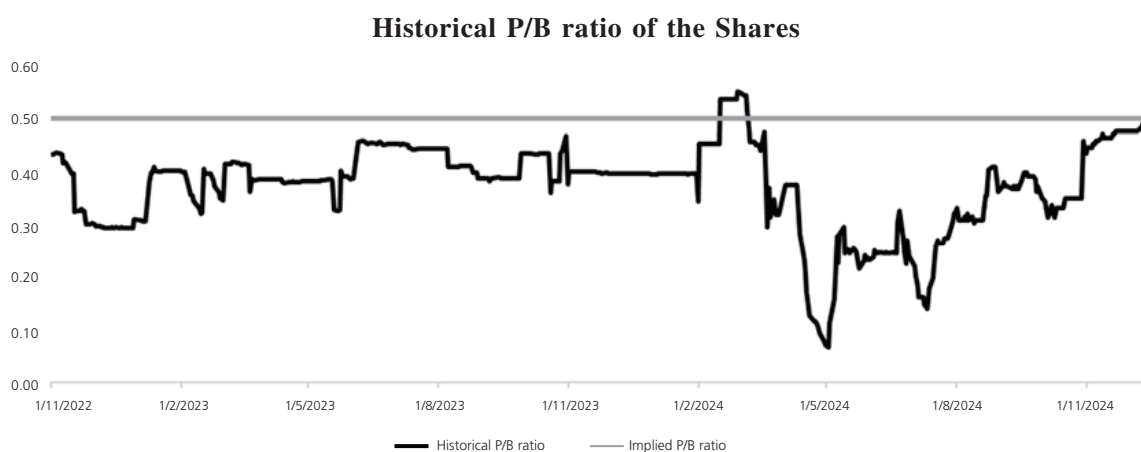
Notes:

1. Calculated based on the total dividends per share (excluding any special dividend) and the basic earnings per share of the Comparable Companies for the latest financial year or period.
2. Calculated based on the total dividends per share (excluding any special dividend) for the latest financial year or period and the closing share prices of the Comparable Companies on the Last Trading Day.

As shown above, the dividend yields of the Comparable Companies ranged from nil to approximately 2.4%, with an average and median of approximately 0.8% and nil, respectively. The dividend payout ratio of the Comparable Companies ranged from nil to approximately 30.1%.

Taking into the Group's unsatisfactory financial performance and high gearing ratio, we expect the company's ability to pay dividends to be limited. If the Scheme becomes effective and the Proposal is implemented, the Scheme Shareholders who place a high priority on dividend income would have the opportunity to re-invest the proceeds in similar companies that have higher historical dividend payout ratios and dividend yields.

(vi) Comparison of the closing prices of the Shares with the NAV per Share



Note: The historical P/B of the Shares were calculated based on the then latest net asset value of the Group as disclosed in the annual reports or interim reports of the Company, and the number of Shares in issue and assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares.

The P/B ratio measures the market's valuation of a company relative to its net asset value. As shown in the chart above, the Shares were traded at discounts to the NAV per Share at almost all of the times during the Review Period. The P/B ratio of the Shares ranged approximately 0.06 time on 2 May 2024 to approximately 0.51 time on 28 February 2024, indicating that the Scheme Shareholders could not realise their investment in the Shares at the entire underlying NAV per Share in the market.

The Implied P/B of approximately 0.46 time is higher than the historical P/B of the Shares on 465 out of 479 trading days during the Review Period and is close to the highest historical P/B of the Shares during the Review Period. Based on the above, we consider that the discount of approximately 53.83% as represented by the Cancellation Price to the Reassessed NAV per Share is fair and reasonable.

(vii) Privatisation precedents

In order to further assess the fairness and reasonableness of the Cancellation Price, we have reviewed privatisation precedents of companies listed on the Main Board of the Stock Exchange based on the following selection criteria: (a) the privatisation was announced during the period from 1 November 2014 (being approximately 10 years period prior to the Last Trading Day) and up to the Last Trading Day. Due to the scarcity of successful privatisation precedents for companies engaged in property development and investment businesses during the Review Period, we extended the review period to capture sufficient precedents for comparable analysis; (b) the privatisation was settled by cash only; (c) the privatisation has been completed or approved by disinterested shareholders or the required acceptance level was achieved; and (d) the companies are engaged in property development and investment (i.e. more than 50% of their total revenues are generated from property development and investment), so that their discounts represented by the cancellation price to the reassessed NAV per share were available for comparison with the discount represented by the Cancellation Price. Based on the aforesaid criteria, we have identified, on a best effort basis, an exhaustive list of nine privatisation precedents (the “**Privatisation Precedents**”). Although the market sentiment and macro environment were different over the past 10 years, as shown in the table below, there is no obvious time trend in the premiums represented by the cancellation/offer price over the respective closing price of the successful privatisation precedents. Therefore, we consider that a review period of 10 years is adequate and appropriate to (a) capture the successful market practice involving privatisation with cash consideration under the prevailing market conditions; and (b) provide a sufficient and reasonable sample for comparison with the Proposal.

Although the issuers involved in the Privatisation Precedents have different market capitalisations as compared to that of the Company, taking into account that (a) the Privatisation Precedents would provide us with the relevant information to demonstrate the pricing of successful privatisation of the Main Board listed property companies in Hong Kong; and (b) the review period is adequate and appropriate as discussed above, we consider the Privatisation Precedents to be a fair and representative sample which can serve as a useful reference to the market pricings of privatisation proposals in the Hong Kong capital market, so as to determine whether the Cancellation Price is in line with market practices. We consider that the Privatisation Precedents are fair, representative and exhaustive samples for our assessment of the Cancellation Price for illustrative purpose.

The table below illustrates the premiums/discounts of the cancellation/offer prices offered by the Privatisation Precedents over/to the prevailing share prices prior to the last trading day of the Privatisation Precedents as well as the premiums/discounts represented by the cancellation/offer prices over/to the respective reassessed NAV per share:

Date of initial announcement	Company (stock code)	Principal business	Premium of the cancellation/offer price over the closing price on the last trading day	Premium of the cancellation/offer price over the average closing price for the last 5 trading days up to and including the last trading day	Premium of the cancellation/offer price over the average closing price for the last 30 trading days up to and including the last trading day	Premium of the cancellation/offer price over the average closing price for the last 60 trading days up to and including the last trading day	Premium of the cancellation/offer price over the average closing price for the last 90 trading days up to and including the last trading day	Premium/ (discount) of the cancellation/offer price over/to the reassessed NAV per share
			(Notes 1&2)	(Notes 1&2)	(Notes 1&2)	(Notes 1&2)	(Notes 1&2)	
8 May 2023	Hailan Holdings Limited (2278.HK)	Development and sales of properties as well as development and lease of properties	5.00%	5.00%	5.05%	10.04%	10.28%	(60.19%)
9 June 2022	China VAST Industrial Urban Development Company Limited (6166)	Land development and development and operation of large-scale industrial towns	30.43%	29.17%	31.39%	36.90%	42.07%	(41.89%)
9 July 2021	Beijing Capital Land Limited (2868.HK)	Real estate development and investment, commercial real estate operation, property consulting services and investment holding	62.79%	61.85%	127.64%	150.00%	143.48%	(49.04%)
21 January 2021	Polytec Asset Holdings Limited (208.HK)	Property business, ice and cold storage business, the oil business and the financial investment business	61.29%	57.89%	72.55%	94.23%	104.14%	(54.61%)
17 January 2021	HKC (Holdings) Limited (190.HK)	Property development and investment and renewable energy investment and operation	120.39%	122.22%	119.78%	109.42%	100.00%	(68.27%)
5 December 2018	Hopewell Holdings Limited (54.HK)	Property development, property investment, investments in power plants, hotel ownership and management	46.69%	48.83%	55.51%	54.09%	49.63%	(42.98%)
20 March 2017	Goldin Properties Holdings Limited (283.HK) (“Goldin Properties”)	Property development, property investment and operation of hotel and polo club	36.78%	39.97%	33.93%	30.43%	36.57%	28.57% (Outlier)
30 March 2016	Dalian Wanda Commercial Properties Company Limited (3699.HK)	Property leasing and management, development and sales of properties	36.08%	40.09%	50.17%	44.62%	32.66%	(10.81%)
6 January 2016	New World China Land Limited (917.HK)	Property arm of New World Development in the PRC and is one of the large-scale national developers in the PRC	25.60%	28.50%	40.79%	45.79%	53.85%	(29.41%)
	Maximum		120.39%	122.22%	127.64%	150.00%	143.48%	(10.81%)
	Minimum		5.00%	5.00%	5.05%	10.04%	10.28%	(68.27%)
	Average		47.23%	48.17%	59.65%	63.95%	63.63%	(44.65%)
	Median		36.78%	40.09%	50.17%	45.79%	49.63%	(46.01%)
28 October 2024	The Company (1329.HK)		46.55%	54.55%	41.75%	47.85%	65.44%	(53.83%)

Source: the website of the Stock Exchange

Notes:

1. Subject to rounding differences.
2. Up to and including the last trading day/unaffected price date of the shares prior to the publication of the first announcement pursuant to Rule 3.5 or Rule 3.7 of the Takeovers Code (where applicable).

The comparison of the cancellation price to market prices and NAV per share, in our view, serves to demonstrate the premium over market prices and the discount to NAV per share in successful privatisations in Hong Kong in the past, i.e. how much the shareholders are being offered and the level of premium/discount that is acceptable to shareholders in terms of historical share price ranges and NAV per share.

As shown in the table above, the premiums represented by the Cancellation Price over the closing price on the Last Trading Day, and over the average closing prices for the last 5, 30, 60 and 90 trading days (“**LTD Premium**”, “**5 Days Premium**”, “**30 Days Premium**”, “**60 Days Premium**” and “**90 Days Premium**”, respectively) are all within the range of the Privatisation Precedents. In particular, the LTD Premium, the 5 Days Premium, the 60 Days Premium and the 90 Days Premium are higher than the median premiums of the Privatisation Precedents. The 30 Days Premium ranks sixth out of 9 Privatisation Precedents and is close to the median premium of the Privatisation Precedents.

We noted that other than Goldin Properties, the offer/cancellation prices offered by the Privatisation Precedents ranged from a discount of approximately 10.81% to approximately 68.27% to the then reassessed NAV per share of the respective companies. We consider the premium of approximately 28.57% as represented by the offer price of the privatisation of Goldin Properties to the then reassessed NAV per share was primarily because the shares of Goldin Properties had been traded above the then NAV per share before the initial announcement of the privatisation and as a result, the offer price had to be set at a premium to the then prevailing share price and NAV per share to enhance the attractiveness of the privatisation proposal. In contrast, for all the other Privatisation Precedents, their shares were traded below their respective NAV per share before the initial announcement of the privatisation, which is analogous to the situation of the Company. The Shares were traded at discounts to the underlying NAV per Share at all times during the Review Period. Given the premium represented by the offer price of the privatisation of Goldin Properties to the then reassessed NAV per share is due to its unique trading position as aforesaid, we consider that Goldin Properties is an outlier and should be excluded for the analysis. Excluding Goldin Properties, the discount represented by the Cancellation Price to the Reassessed NAV per Share is within the range of the Privatisation Precedents and is close to the median discount of the Privatisation Precedents. Therefore, we consider that the Cancellation Price is in line with the market practice, and is fair and reasonable.

7. Offer price under the Perpetual CB Securities Offer

As stated in the Letter from the Board, the offer price under the Perpetual CB Securities Offer is HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities, being the “see-through” consideration for each Perpetual CB Securities with a face value of HK\$1 (i.e. being approximately 0.476190 Share for every HK\$1 face value at the prevailing conversion price of HK\$2.10 per Share, multiplied by the Cancellation Price per Scheme Share), and the total Perpetual CB Securities Offer is valued at HK\$266,169,105, which is calculated by multiplying the number of Shares into which the Perpetual CB Securities are convertible into (being an aggregate of 313,140,124 Shares for all the outstanding Perpetual CB Securities at the conversion price of HK\$2.10 per Share) by the Cancellation Price per Scheme Share. The table below sets out the calculation of the offer price:

	<i>HK\$</i>
Face value of the Perpetual CB Securities (A)	1.00
Conversion price per Share (B)	2.10
Number of Shares into which each Perpetual CB Securities with a face value of HK\$1 is convertible into (C=A/B)	0.47619047619
Cancellation Price (D)	0.85
Offer price (E=C*D)	0.40476190476

Given that (i) the Cancellation Price is fair and reasonable as illustrated in our analysis in the above section headed “6. Cancellation Price” above; and (ii) the offer price under the Perpetual CB Securities Offer is the “see-through” consideration calculated based on the Cancellation Price and the conversion price of the Perpetual CB Securities, we consider the offer price under the Perpetual CB Securities Offer to be fair and reasonable.

RECOMMENDATION AND OPINION

In arriving at our recommendation in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- **The Proposal provides an opportunity for the Scheme Shareholders to dispose of their Shares for cash at premiums over the closing prices of the Shares prior to the issue of the Announcement without having to suffer any illiquidity discount**

The premiums as represented by the Cancellation Price were approximately 46.55%, 54.55%, 41.75%, 47.85% and 65.44% over the closing price on the Last Trading Day, and the average closing prices for the periods of 5, 30, 60 and 90 trading days up to and including the Last Trading Day, respectively.

Subsequent to the publication of the Announcement, the closing price of the Shares surged to HK\$0.76 per Share on 29 October 2024. The Share price closed at HK\$0.82 as at the Latest Practicable Date. We consider such price hike is due to the announcement of the Proposal and there is no assurance that the prevailing Share price will remain at the current level if the Proposal lapses.

The monthly average daily trading volume of the Shares during the Review Period has been generally thin.

From the Scheme Shareholders' perspective, in particular those holding large blocks of the Shares, the Proposal will provide a good opportunity for the Scheme Shareholders to realise their holdings at a premium over the prevailing market price, which would not normally be available through the market.

- **The prospects of the Group's business and financial performance**

Despite the increase in revenue from FY2022 to FY2023 and from 6M2023 to 6M2024, the Group still recorded a net loss for FY2023 and 6M2024. The Group recorded finance costs of approximately RMB607.8 million for FY2023 and approximately RMB290.0 million for 6M2024, while gross profit was only approximately RMB321.0 million for FY2023 and RMB337.5 million for 6M2024.

The slowdown in economic growth and retail sales growth and inadequate consumer demand have adversely affected the vacancy rate and rent level of retail properties in the PRC, which in turn affected the Group's rental income derived from its retail property projects.

Taking into account (a) the Group's unsatisfactory financial performance and high gearing ratio; and (b) the uncertain retail property market in China, we maintain a cautious view on the outlook of the Group in the near term.

- **The Cancellation Price is fair and reasonable**

For the evaluation of the Cancellation Price, we have taken into consideration of the following:

- (i) the Cancellation Price is higher than the closing prices of the Shares on 465 out of 479 trading days during the entire Review Period. There was no trading in the Shares on 12 out of 14 trading days on which the Cancellation Price is lower than the closing prices of the Shares;
- (ii) the Implied P/B is higher than the average and median of those of the Comparable Companies on the Last Trading Date;

- (iii) the Shares were traded at discounts to the underlying NAV per Share during the Review Period. The Implied P/B is higher than the historical P/B of the Shares on 465 out of 479 trading days during the Review Period and is close to the highest historical P/B of the Shares during the Review Period;
 - (iv) the LTD Premium, 5 Days Premium, 30 Days Premium, 60 Days Premium and 90 Days Premium are all within the range of the Privatisation Precedents. The LTD Premium, the 5 Days Premium, the 60 Days Premium and the 90 Days Premium are higher than the median premiums of the Privatisation Precedents;
 - (v) the discount represented by the Cancellation Price to the Reassessed NAV per Share of is within the range of the discounts of the Property Privatisation Precedents, and is close to the median discount of the Privatisation Precedents.
- **The offer price under the Perpetual CB Securities Offer to be fair and reasonable**

The offer price under the Perpetual CB Securities Offer is the “see-through” consideration calculated based on the Cancellation Price and the conversion price of the Perpetual CB Securities.

Based on the above, we consider that the terms of the Proposal, the Scheme and the Perpetual CB Securities Offer (including the Cancellation Price and the offer price under the Perpetual CB Securities Offer) are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 2023 (as revised).

**SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**

1. INTRODUCTION

On 16 October 2024 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

In accordance with Rule 13 of the Takeovers Code, the Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder to acquire all the outstanding Perpetual CB Securities as at the Effective Date. The Perpetual CB Securities Offer will be conditional upon the Scheme becoming effective.

If the Scheme is approved and becomes effective and is implemented and the Perpetual CB Securities Offer is accepted by the Perpetual CB Securities Holder in full and becomes unconditional:

- (a) all the Scheme Shares held by the Scheme Shareholders will, on the Effective Date, be cancelled and extinguished in exchange for the payment of the Cancellation Price of HK\$0.85 per Scheme Share to each Scheme Shareholder by the Offeror;
- (b) contemporaneously with such cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained at the amount prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled; the reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror;
- (c) all the outstanding Perpetual CB Securities held by the Perpetual CB Securities Holder will be acquired fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB

Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date, pursuant to the terms and conditions of the Perpetual CB Securities Offer;

- (d) all the issued Shares and Perpetual CB Securities will be indirectly wholly-owned by Capital Group, the ultimate parent company of the Offeror; and
- (e) subject to the obtaining of the approval from the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, the listing of the Shares will be withdrawn subject to and after the Scheme becomes effective.

No offer will be made by the Offeror for the outstanding Class A Convertible Preference Shares and Class B Convertible Preference Shares of the Company under Rule 14 of the Takeovers Code, as all of the issued Class A Convertible Preference Shares and the issued Class B Convertible Preference Shares are held by the Offeror as at the Announcement Date and the Latest Practicable Date.

The purpose of this Explanatory Memorandum is to set out the terms and effects of the Proposal (in particular the Scheme and the Perpetual CB Securities Offer) and to provide the Scheme Shareholders and the Perpetual CB Securities Holder with further information in relation to the Proposal.

Particular attention is drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix IV of this Scheme Document.

2. TERMS OF THE PROPOSAL

The Scheme

The Scheme will provide that all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.85 in cash for each Scheme Share.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced (and the offer price of the Perpetual CB Securities Offer shall be reduced accordingly). As at the Latest Practicable Date, the Company has no declared but unpaid dividends and/or other distribution and/or other return of capital. In addition, the Company has confirmed that it does

not intend to announce, declare or pay any dividend, distribution or other return of capital before the Effective Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier).

The Cancellation Price and the offer price under the Perpetual CB Securities Offer will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price or the offer price under the Perpetual CB Securities Offer.

Comparison of Value

The Cancellation Price of HK\$0.85 per Scheme Share in cash represents:

- a premium of approximately 46.55% over the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 54.55% over the average closing price of HK\$0.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 55.11% over the average closing price of approximately HK\$0.548 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 41.75% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 47.85% over the average closing price of approximately HK\$0.57 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 65.44% over the average closing price of approximately HK\$0.51 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 3.66% over the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

- a discount of approximately 52.87% to the Group's unaudited net asset value attributable to the Shareholders per Share of approximately HK\$1.80 as at 30 June 2024, and a discount of approximately 53.83% to the Reassessed NAV (as set out in Appendix I of this Scheme Document) of approximately HK\$1.84, based on the exchange rate of HK\$1: RMB0.91268, being the median exchange rate on 28 June 2024 (being the last business day in the PRC in June 2024) as announced by the People's Bank of China. The above-mentioned adjustment is due to revaluation of properties as a result of the valuation report set out in Appendix II. Such revaluation has not been realised as at the Latest Practicable Date. Shareholders and potential investors in the securities of the Company should be aware that it takes time to identify and negotiate with suitable buyers before it may proceed to sell and realise the value in the properties, and therefore the valuation of properties might be impacted during such time. Shareholders and potential investors in the securities of the Company should consider the above factors in assessing their voting/investment decision.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years (including the level of premium of the offer price offered as compared with different metrics).

Highest and Lowest Prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.82 on 11 December 2024, 12 December 2024, 13 December 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.114 on 2 May 2024.

The Perpetual CB Securities Offer

On 28 December 2016, the Company issued the Perpetual CB Securities. As at the Latest Practicable Date, Perpetual CB Securities in the aggregate principal amount of HK\$657,594,260 remains outstanding, which can be converted into an aggregate of 313,140,124 Shares based on the conversion price of the Perpetual CB Securities as at the Latest Practicable Date of HK\$2.10 per Share.

The Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder in accordance with Rule 13 of the Takeovers Code to acquire all the outstanding Perpetual CB Securities which remain outstanding and have not otherwise been redeemed and/or converted into Shares pursuant to the conversion rights thereunder as at the Effective Date. The Perpetual CB Securities Offer is conditional upon the Scheme becoming effective.

In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Perpetual CB Securities Offer is HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities, being the "see-through" consideration for each Perpetual CB

Securities with a face value of HK\$1 (i.e. being approximately 0.476190 Share for every HK\$1 face value at the prevailing conversion price of HK\$2.10 per Share, multiplied by the Cancellation Price per Scheme Share), and the total Perpetual CB Securities Offer is valued at HK\$266,169,105, which is calculated by multiplying the number of Shares into which the Perpetual CB Securities are convertible into (being an aggregate of 313,140,124 Shares for all the outstanding Perpetual CB Securities at the conversion price of HK\$2.10 per Share, each as at the Latest Practicable Date) by the Cancellation Price per Scheme Share.

The offer price under the Perpetual CB Securities Offer will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the offer price under the Perpetual CB Securities Offer.

Pursuant to the terms and conditions of the Perpetual CB Securities, holders of the Perpetual CB Securities shall be entitled to (i) simple interest on the outstanding principal amount of the Perpetual CB Securities at a rate equal to 0.01% per annum on a non-cumulative basis payable annually in arrear in cash (the “**PCBS Fixed Interest**”) and (ii) additional variable interest in the event that any dividend or distribution is paid by the Company to be calculated based on an aggregate amount of such dividend or distribution per Share multiplied by the aggregate number of Shares into which the Perpetual CB Securities then outstanding may be converted into (the “**PCBS Variable Interest**”).

The Perpetual CB Securities to be acquired under the Perpetual CB Securities Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid, the Offeror will reduce the offer price under the Perpetual CB Securities Offer by all or any part of the amount or value of the PCBS Variable Interests arising out of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the offer price under the Perpetual CB Securities Offer will be deemed to be a reference to the offer price under the Perpetual CB Securities Offer as so reduced.

If the Perpetual CB Securities Holder exercise the conversion rights in accordance with the terms and conditions of the Perpetual CB Securities and become Shareholders on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

Total Consideration and Financial Resources

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

On the assumption that (i) none of the Perpetual CB Securities which are outstanding as at the Latest Practicable Date are converted into Shares on or before the Scheme Record Date; (ii) the Perpetual CB Securities Offer are accepted in full by the Perpetual CB Securities Holder; and (iii) there are no other change in the issued share capital of the Company from the Latest Practicable Date up to and including the Effective Date, the Proposal will involve (i) the cancellation of 440,430,403 Scheme Shares in exchange for HK\$0.85 per Scheme Share in cash and (ii) the acquisition of Perpetual CB Securities in the aggregate principal amount of HK\$657,594,260 at the offer price of HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities in cash, and the maximum cash consideration payable for the Scheme and the Perpetual CB Securities Offer is approximately HK\$640,534,948.

On the assumption that (i) all of the Perpetual CB Securities which are outstanding as at the Latest Practicable Date are converted into Shares on or before the Scheme Record Date; and (ii) there are no other change in the issued share capital of the Company from the Latest Practicable Date up to and including the Effective Date, the Proposal will involve the cancellation of 753,570,527 Scheme Shares in exchange for HK\$0.85 per Scheme Share in cash, and the maximum cash consideration payable for the Scheme is approximately HK\$640,534,948.

The payment of the total consideration under the Scheme and the Perpetual CB Securities Offer will be financed by the internal financial resources and/or external financing.

CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its payment obligations in respect of the cash consideration payable under the Proposal.

3. CONDITIONS OF THE PROPOSAL

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders, representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the Scheme is approved (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in

person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;

- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to (i) approve and give effect to any reduction of the share capital of the Company on the Effective Date as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid at par, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of any reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of, and minutes approved by, the Grand Court for registration;
- (e) compliance, to the extent necessary, with the applicable procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;

- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (j) since the Announcement Date, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme).

The Offeror reserves the right to waive conditions (f), (g), (h), (i) and (j) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Conditions Long Stop Date, failing which the Proposal and the Scheme will lapse. As at the Latest Practicable Date, none of the Conditions have been satisfied or (if applicable) waived.

In respect of Conditions (f) and (g), as at the Latest Practicable Date, other than (i) the Conditions (a) to (e) (inclusive) as set out above; (ii) the requisite approval under the applicable PRC state-owned asset regulations in respect of the Proposal, which has been obtained as at the Latest Practicable Date; and (iii) the approval by the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange, the Offeror is not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal.

The Perpetual CB Securities Offer will be conditional upon the Scheme becoming effective. Details of the Perpetual CB Securities Offer are set out in the section headed “The Perpetual CB Securities Offer” below.

Warning: Shareholders, the Perpetual CB Securities Holder and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and the Perpetual CB Securities Offer is conditional upon the Scheme becoming effective, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, the Perpetual CB Securities Holder and/or potential investors should therefore exercise caution when

dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. ENTERING INTO OF UNICHOW IRREVOCABLE UNDERTAKING

On 28 October 2024, Unichow entered into the Unichow Irrevocable Undertaking in favour of the Offeror, pursuant to which Unichow undertook to convert all the Perpetual CB Securities held by it into Shares and to vote in favour of resolutions in relation to the implementation of the Scheme in respect of the Unichow Undertaking Shares.

Pursuant to the Unichow Irrevocable Undertaking, Unichow has unconditionally and irrevocably undertaken that, amongst others, subject to the terms and conditions of the Unichow Irrevocable Undertaking:

- (a) it will convert all the Perpetual CB Securities held by it at such time into Shares on or before 15 clear business days after the date of the Unichow Irrevocable Undertaking;
- (b) it will vote in favour or procure the voting in favour of any resolutions in connection with the approval of the Scheme at the Court Meeting and any resolutions in connection with the implementation of the Proposal and/or the Scheme in accordance with the terms and conditions of the Announcement and the Scheme Document at the EGM of the Company to be convened in respect of (i) any Shares which it may obtain through the conversion of the Perpetual CB Securities in accordance with the terms and conditions of the Perpetual CB Securities and the Unichow Irrevocable Undertaking; and (ii) any other Shares which is directly or indirectly held by Unichow ((i) to (ii) collectively, the “**Unichow Undertaking Shares**”);
- (c) it will vote against or procure the voting against of any resolutions which: (i) may reasonably be expected to restrict, prohibit or delay the implementation of the Proposal and/or the Scheme; or (ii) are for the purpose of approving, implementing or giving effect to any other acquisition of Shares, Perpetual CB Securities or assets of the Company by any persons other than the Offeror or any proposal for the privatisation or withdrawal of listing of the Company other than by the Offeror (unless such acquisition or proposal provides for a higher purchase price for the Shares and the Perpetual CB Securities than that under the Proposal) in respect of the Unichow Undertaking Shares;
- (d) prior to the Scheme Record Date, to the extent Unichow holds any Perpetual CB Securities, it will accept the Perpetual CB Securities Offer in respect of any Perpetual CB Securities held by it as at the Scheme Record Date, and it will not withdraw such acceptance unless permitted under the Takeovers Code or in the event of a higher competing offer made for the Shares and the Perpetual CB Securities by any person other than the Offeror;

- (e) it will not: (i) acquire or permit any entity which Unichow directly or indirectly holds any interest in to acquire all or any part of the Shares and/or Perpetual CB Securities, or to enter into any agreement or arrangement for such actions; (ii) accept or undertake to accept, exercise the voting rights in any Shares to approve, accept or approve in respect of any Perpetual CB Securities, or agree or accept in any other form any offer, scheme of arrangement or any business combination made by any person other than the Offeror (except where such offer, scheme of arrangement or business combination provides for a higher purchase price than that under the Proposal); or (iii) make, take, or permit to be made or taken any representation or action which are or may be prejudicial to the success of the Proposal, or which may delay or disrupt the implementation of the Proposal or which may lead to inability to implement the Proposal or to implement the Proposal as soon as practicable (unless otherwise required by any competent authority); and
- (f) it will not: (i) deal in the securities of the Company (other than any conversion of the Perpetual CB Securities into Shares as permitted under the Unichow Irrevocable Undertaking); (ii) directly or indirectly, sell, transfer, offer or agree to sell, charge, mortgage, pledge, create or grant any option, warrants or purchase rights over or otherwise dispose of or create encumbrances over any Shares or securities of the Company and the rights attached to it; (iii) enter into any swap or other arrangements that transfers the interest or consequences of the ownership of the Shares, the Perpetual CB Securities or any other securities of the Company; (iv) enter into, offer, agree or announce any agreement, contract, transaction or undertaking having the same effect as any transaction described in (i) to (iii) of this paragraph (f).

As at the Latest Practicable Date, in accordance with the Unichow Irrevocable Undertaking, Unichow has converted the Perpetual CB Securities held by it with a principal amount of HK\$198,227,289 into 94,393,947 Shares (representing approximately 8.13% of the issued share capital of the Company or approximately 21.43% of the issued share capital of the Company held by the Disinterested Shareholders as at the Latest Practicable Date). Details of the shareholding structure of the Company as at the Latest Practicable Date are set out in the paragraph headed “5. Shareholding Structure of the Company” below.

The Unichow Irrevocable Undertaking shall terminate upon the announcement by the Offeror and/or the Company in respect of any of the following events: (i) the Conditions are not satisfied or (if applicable) waived on or before the Conditions Long Stop Date; (ii) the Scheme is not approved at the Court Meeting, or the requisite approval for the Proposal not having been obtained at the EGM of the Company; (iii) the Scheme is not sanctioned by the Grand Court; or (iv) the Proposal otherwise lapses or is withdrawn.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$200,000,000 divided into 18,355,918,048 Shares, 738,130,482 Class A Convertible Preference Shares and 905,951,470 Class B Convertible Preference Shares, and the Company has 1,161,584,249 Shares, 166,976,636 Class A Convertible Preference Shares and 905,951,470 Class

B Convertible Preference Shares in issue. In addition, as set out above, as at the Latest Practicable Date, the Company has in issue Perpetual CB Securities in the aggregate principal amount of HK\$657,594,260 which are convertible into an aggregate of 313,140,124 Shares. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the Latest Practicable Date, the Offeror holds 701,353,846 Shares (representing approximately 60.38% of the issued share capital of the Company) and the Offeror and the Offeror Concert Parties hold in aggregate 721,153,846 Shares (representing approximately 62.08% of the issued share capital of the Company). As at the Latest Practicable Date, the Scheme Shares, comprising 440,430,403 Shares, represent approximately 37.92% of the issued share capital of the Company.

The table below sets out the shareholding structure of the Company (i) as the Latest Practicable Date; and (ii) immediately upon completion of the Proposal, assuming that none of the Perpetual CB Securities which are outstanding as at the Latest Practicable Date are exercised and converted into Shares, and there is no other change in shareholding of the Company before the Effective Date:

	As at the Latest Practicable Date		Immediately upon the completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital (%)</i>
Shareholders				
Offeror and Offeror Concert Parties				
Offeror (<i>Note 1</i>)	701,353,846	60.38	1,141,784,249	98.30
BCG Chinastar (<i>Note 2</i>)	19,800,000	1.70	19,800,000	1.86
<i>Sub-total of Offeror and Offeror Concert Parties</i>	721,153,846	62.08	1,161,584,249	100
Disinterested Shareholders				
Smart Win (<i>Note 4</i>)	95,192,308	8.20	—	—
Unichow (<i>Note 5</i>)	94,393,947	8.13	—	—
Other Disinterested Shareholders	250,844,148	21.60	—	—

	As at the Latest Practicable Date		Immediately upon the completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital (%)</i>
Shareholders				
<i>Sub-total of Disinterested Shareholders</i>	440,430,403	37.92	—	—
Total number of Scheme Shares (Note 6)	<u>440,430,403</u>	<u>37.92</u>	<u>—</u>	<u>—</u>
Total number of Shares	<u><u>1,161,584,249</u></u>	<u><u>100</u></u>	<u><u>1,161,584,249</u></u>	<u><u>100</u></u>

Notes:

- (1) As at the Latest Practicable Date, in addition to the holdings in the Shares as set out above, the Offeror holds 166,976,636 Class A Convertible Preference Shares which are convertible into 166,976,636 Shares and 905,951,470 Class B Convertible Preference Shares which are convertible into 905,951,470 Shares.
- (2) BCG Chinastar is a wholly-owned subsidiary of Capital Group and a fellow subsidiary of the Offeror.
- (3) CICC is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code). Exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with the Offeror. However:
 - (a) Shares held by any member of the CICC group acting in the capacity of an exempt principal traders will not be voted at the Court Meeting and the EGM in accordance with the requirements under Rule 35.4 of the Takeovers Code unless otherwise confirmed with the Executive; and
 - (b) Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the EGM if: (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and (iv) such non-discretionary client is entitled to vote at the Court Meeting and the EGM.
- (4) As at the Latest Practicable Date, in addition to the holdings in the Shares as set out above, Smart Win also holds Perpetual CB Securities in the principal amount of HK\$657,594,260 which are convertible into 313,140,124 Shares based on the conversion price of HK\$2.10 per Share as at the Latest Practicable Date. Based on two disclosure of filing forms dated 10 October 2024, Mr. So Man Chun and Mr. Wan Hiu Yeung

have been appointed as the joint and several receivers of the entire issued share capital of Smart Win. Based on the information available to the Offeror as at the Latest Practicable Date, the joint and several receivers of the entire issued share capital of Smart Win are entitled to control the exercise of the voting rights in the Shares held by Smart Win through director(s) of Smart Win nominated by the joint and several receivers (subject to such directors' duties) as at the Latest Practicable Date.

- (5) As at the Latest Practicable Date, pursuant to the Unichow Irrevocable Undertaking, Unichow has converted all of its Perpetual CB Securities in the principal amount of HK\$198,227,289 into 94,393,947 Shares based on the conversion price of HK\$2.10 per Share.
- (6) All Shares other than those shares held by the Offeror and BCG Chinastar will form part of the Scheme Shares.
- (7) The percentages are subject to rounding adjustments and may not add up to 100%.

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee which comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder, namely Mr. Zhai Senlin, Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser (i) to the Disinterested Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM of the Company and (ii) to the Perpetual CB Securities Holder as to whether the Perpetual CB Securities Offer is, or is not, fair and reasonable and whether to accept the Perpetual CB Securities Offer. As each of Mr. Wang Hao and Ms. Qin Yi (each being a non-executive Director) holds certain positions in Capital Group and/or BCCDG (the parent companies of the Offeror), Mr. Wang Hao and Ms. Qin Yi do not form part of the Independent Board Committee.

The Board, with the approval of the Independent Board Committee, has appointed Rainbow Capital (HK) Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder is concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned, and the terms of the Perpetual CB Securities Offer are fair and reasonable so far as the Perpetual CB Securities Holder is concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and the Perpetual CB Securities Holder to accept the Perpetual CB Securities Offer.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Perpetual CB Securities Offer is set out in Part V of this Scheme Document.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

Benefits of the Proposal to the Scheme Shareholders

An attractive opportunity for Scheme Shareholders to realize their investment in the Shares, given the low trading liquidity

The average daily trading volume of the Shares for the 12-month period, 24-month period and 36-month period up to and including the Last Trading Day were approximately 2.87 million, 1.44 million and 0.96 million Shares per day, representing only approximately 0.27%, 0.13% and 0.09% of the total number of the Shares as at the Announcement Date respectively. The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. As such, the Proposal presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the consideration received under the Scheme into other investment opportunities.

The Cancellation Price represents a compelling premium over the market price prior to the date of the Announcement

The Proposal allows an exit for the Scheme Shareholders at a compelling premium to the market price prior to the date of the Announcement. The Cancellation Price represents a significant premium of approximately 46.55% over the closing price of the Shares on the Last Trading Day of HK\$0.58, and approximately 41.75% and 65.44% over the average closing price of approximately HK\$0.60 and HK\$0.51 per Share for the 30 and 90 trading days up to and including the Last Trading Day, respectively.

Benefits of the Proposal to the Offeror and the Company***Limited benefits in maintaining the Company's listing status and cost savings through privatization***

Due to the long-term underperformance in the trading prices and trading liquidity of the Shares which undermined the attractiveness and marketability of the Shares to prospective investors, the Company lacks the ability to raise funds through equity financing while having to continue to incur various costs associated with the maintenance its listing status. The Company has also not conducted any equity fundraising in the past 12 months. Therefore, there are limited benefits for the Company to maintain its listing status. Upon privatization, the listing of the Shares will be withdrawn from the Stock Exchange, which will result in savings of costs associated with the maintenance of listing status.

Promoting the Company's business by receiving more resource support and opportunities for long-term development

The Group's principal business, which involves the development, operation, and management of outlet-backed commercial integrated projects, is inherently capital-intensive. Currently, the Company has a relatively high debt-to-asset ratio, amounting to approximately 75.44% as at 30 June 2024. Such relatively high debt-to-asset ratio restricted the ability of the Company to conduct further interest-bearing debt financings. On the other hand, as set out above, the long-term underperformance in the trading prices and liquidity of the Shares hindered the ability of the Company to conduct equity fundraisings, and the maintenance of the listing status of the Company presents further challenges for the Company to secure equity financings and/or other resources from Capital Group and BCCDG taking into account the public float requirement under the Listing Rules. All of the above hindered the Company from raising further financial resources to develop its principal business and its property projects, and in turn affected the Company's business development. Following the implementation of the Proposal, the Company is expected to be able to more efficiently utilise the support from Capital Group and BCCDG, both key state-owned enterprises wholly owned by the State-owned Supervision and Administration Commission of Beijing, which will in turn significantly enhance business synergy and resource integration within Capital Group.

Avoid the mismatch between short-term financial performance pressure and long-term business growth and benefits, enhancing the company's core competitiveness

As a listed company, the Company pays significant attention on short-term financial performance and shareholder returns, which limits its ability to implement strategies that may adversely impact short-term financial performance but are beneficial for long-term business transformations. Following the implementation of the Proposal, the Company would be able to concentrate more on business development and to focus on enhancing its long-term core competitiveness.

8. THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Capital Group, BCCDG and the Offeror will continue to review and consider the Company and its assets, corporate structure, capitalisation, operations, properties, policies, management and personnel and reserve the right to make changes which, if any, would be appropriate or desirable following the Proposal in order to best organise and optimise the activities of the Group, which may include, but are not limited to, any changes in the business and operations of the Group or the redeployment of fixed assets of the Group.

As at the Latest Practicable Date, the Offeror does not have any specific plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal, other than in the ordinary course of business of the Group.

9. INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange (stock code: 1329). The Company is an investment holding company and the Group is principally engaged in commercial property development and management, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC.

Your attention is also drawn to Appendix I headed "Financial Information of the Group" and Appendix III headed "General Information" of this Scheme Document.

10. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, the Offeror directly holds approximately 60.38% of the issued share capital of the Company and is indirectly wholly-owned by BCCDG, which is in turn wholly-owned by Capital Group. Capital Group is in turn under the direct supervision of the People's Government of Beijing Municipality. The principal business of the Offeror is investment holding.

11. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders and the Perpetual CB Securities Holder can be found in Part II of this Scheme Document headed "Actions to be Taken".

12. REQUIREMENTS UNDER COMPANIES ACT AND THE TAKEOVERS CODE**The Companies Act**

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be held in such manner as the Grand Court directs.

Section 86(2A) of the Companies Act states that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

The Grand Court has convened a meeting of the Scheme Shareholders at which the Scheme needs to be approved by not less than 75% in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting.

Additional Requirements as Imposed by Rule 2.10 of the Takeovers Code

In addition to satisfying any requirements imposed by law as summarised above, Rule 2.10 of the Takeovers Code requires, except with the consent of the Executive, that the Scheme may only be implemented if:

- (a) the Scheme is approved by at least 75% of the votes attaching to the disinterested Shares that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all disinterested Shares.

13. COURT MEETING AND EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purpose of determining whether the requirements under Condition (a) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum are satisfied. However, only votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum.

As at the Latest Practicable Date, the Offeror holds 701,353,846 Shares and BCG Chinastar holds 19,800,000 Shares. As the Shares held by the Offeror and BCG Chinastar will not form part of the Scheme Shares, each of the Offeror and BCG Chinastar will not vote on the Scheme at the Court Meeting. In addition, as at the Latest Practicable Date, all the Scheme Shareholders are Disinterested Shareholders.

All Shareholders will be entitled to attend the EGM of the Company and vote on the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid at par, for issuance to the Offeror.

Notice of the Court Meeting is set out in Appendix V of this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Friday, 10 January 2025 at 7th Floor, West Zone Jing'an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China.

Notice of the EGM is set out in Appendix VI of this Scheme Document. The EGM will be held at 10:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have concluded or been adjourned) on Friday, 10 January 2025 at 7th Floor, West Zone Jing'an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China.

Closure of the Register of Members of the Company

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 7 January 2025 to Friday, 10 January 2025 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 6 January 2025. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

Binding Effect of the Scheme

When all of the Conditions set out in the section headed "3. Conditions of the Proposal" of this Explanatory Memorandum are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

The Offeror and BCG Chinastar have undertaken to the Grand Court that each of them will be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

14. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company has applied to the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange, with effect immediately from 4:00 p.m. on Monday, 27 January 2025, subject to the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the Perpetual CB Securities Offer will not become unconditional;
- (c) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (d) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

16. REGISTRATION AND PAYMENT**Latest time for lodging transfers of Shares**

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration in their names or in the names of their nominees before 4:30 p.m. on Thursday, 16 January 2025.

Payment of the Cancellation Price to Scheme Shareholders

Subject to the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date. On the basis that the Scheme becomes effective on Thursday, 23 January 2025 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Thursday, 6 February 2025.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses on the register of members of the Company or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, CICC, the Independent Financial Adviser and the share registrar of the Company and their respective ultimate beneficial owners, nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold all monies in respect of uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.

No fractions of a cent will be payable and the amount of cash consideration payable to a Scheme Shareholder under the Scheme will be rounded up to the nearest cent.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Upon the Scheme becoming effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all of the Scheme Shares and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Thursday, 23 January 2025 (Cayman Islands time).

Payment of the Perpetual CB Securities Offer Price to Perpetual CB Securities Holder

Subject to the Perpetual CB Securities Offer becoming unconditional and provided that a valid Form of Acceptance and the relevant certificate(s) of the Perpetual CB Securities are complete and in good order in all respects and have been received by the Offeror before the close of the Perpetual CB Securities Offer, the cheques for the amount due to each of the Perpetual CB Securities Holder who accepts the Perpetual CB Securities Offer in respect of the Perpetual CB Securities tendered by it/him/her under the Perpetual CB Securities Offer will be despatched to such Perpetual CB Securities Holder by ordinary post at its/his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the close of the Perpetual CB Securities Offer.

No fractions of a cent will be payable and the amount of cash consideration payable to a Perpetual CB Securities Holder who accepts the Perpetual CB Securities Offer will be rounded up to the nearest cent.

All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, CICC, the Independent Financial Adviser and the share registrar of the Company and their respective ultimate beneficial owners, nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.

Settlement of the consideration to which any accepting Perpetual CB Securities Holder is entitled under the Perpetual CB Securities Offer will be implemented in full in accordance with the terms of the Perpetual CB Securities Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Perpetual CB Securities Holder.

17. OVERSEAS SHAREHOLDERS**General**

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Scheme Shareholders and the Perpetual CB Securities Offer to the Perpetual CB Securities Holder who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and the Perpetual CB Securities Holder are located. Such Scheme Shareholders and the Perpetual CB Securities Holder should inform themselves about and observe any applicable legal, tax or regulatory requirements. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction and (ii) disclose its content or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders and Perpetual CB Securities Holder wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons. Any acceptance by the Scheme Shareholders and the Perpetual CB Securities Holder will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CICC) that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the Latest Practicable Date, there was one overseas Shareholder whose address as shown in the register of members of the Company was outside Hong Kong. The registered address of such overseas Shareholder is in British Virgin Islands.

This Explanatory Memorandum has not been and will not be registered with the British Virgin Islands Financial Services Commission. No security is or shall be offered to the public in the British Virgin Islands for purchase or subscription for the purposes of the Securities and Investment Business Act (As Amended).

Notice to US Investors

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the laws of the Cayman Islands and is subject to applicable Cayman Islands and Hong Kong disclosure requirements and practices which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement and securities offer, which differ from the disclosure and procedural requirements applicable under the U.S. federal securities laws.

The receipt of cash pursuant to the Proposal by a U.S. holder of Scheme Shares as consideration for the cancellation of his/her/its Scheme Shares pursuant to the Scheme or by a U.S. Perpetual CB Securities Holder as consideration for the transfer of its Perpetual CB Securities may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Perpetual CB Securities Holder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.

It may be difficult for a U.S. holder of Scheme Shares or Perpetual CB Securities to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of Scheme Shares or Perpetual CB Securities may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.

18. TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the acceptance of the Perpetual CB Securities Offer and the payment of the cash consideration under the Perpetual CB Securities Offer does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance upon the acceptance of the Perpetual CB Securities Offer or the payment of the cash consideration under the Perpetual CB Securities Offer.

Scheme Shareholders and Perpetual CB Securities Holder are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company and CICC or any of their respective ultimate beneficial owners, nominees, directors, officers, employees, agents, affiliates, advisers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their approval or the implementation of the Proposal.

19. COSTS OF THE SCHEME

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Proposal will be shared between the Offeror and the Company equally.

20. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Perpetual CB Securities Offer as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

21. ADDITIONAL INFORMATION

Additional information in relation to the Proposal is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders, Scheme Shareholders and the Perpetual CB Securities Holder should rely only on the information contained in this Scheme Document and the accompanying proxy forms and/or the Form of Acceptance (as the case may be). None of the Company, the Offeror, CICC, and their respective ultimate beneficial owners, nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

22. LANGUAGE

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Group for each of the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 and 30 June 2024. The figures for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 are extracted from the annual reports of the Company for the relevant financial years, and the figures for the six months ended 30 June 2023 and 30 June 2024 are extracted from the interim report of the Company for the relevant periods.

The auditors' reports issued by the then auditors of the Company, PricewaterhouseCoopers, in respect of the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

The Company had not declared or distributed any dividend for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, and the six months ended 30 June 2024, and therefore the amount of dividend and dividend per share are not applicable.

Save as disclosed below, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the six months ended 30 June 2023 and 30 June 2024.

Summary of Consolidated Statement of Profit or Loss

	Six months ended		Year ended 31 December		
	30 June		2023	2022	2021
	2024	2023	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
				(Note 1)	
Revenue	746,386	624,962	2,123,739	935,898	1,341,049
			(Note 2)		
Cost of sales	(408,867)	(416,824)	(1,802,781)	(613,746)	(702,095)
Gross profit	337,519	208,138	320,958	322,152	638,954
Other gains — net	11,723	76,675	417,141	17,338	191,543
			(Note 3)		
Other income	9,493	16,220	39,717	27,069	39,933
Selling and marketing expenses	(41,575)	(45,901)	(160,209)	(84,393)	(137,994)
Administrative expenses	(121,411)	(119,136)	(250,537)	(247,677)	(269,665)
Operating profit	195,749	135,996	367,070	34,489	462,771
Finance costs	(289,978)	(306,640)	(607,841)	(504,015)	(502,962)
Share of losses of investments accounted for using the equity method	(9,660)	(5,395)	(5,478)	(10,480)	(5,954)
Loss before income tax	(103,889)	(176,039)	(246,249)	(480,006)	(46,145)
Income tax expenses	(44,816)	(48,530)	(70,211)	(67,921)	(177,802)
Profit/(Loss) from continuing operations	(148,705)	(224,569)	(316,460)	(547,927)	(223,947)
Profit from discontinued operation	—	314,648	330,221	154,658	N/A
					(Note 1)
Profit/(Loss) for the year/period	(148,705)	90,079	13,761	(393,269)	(223,947)
Attributable to:					
— Ordinary equity holders of the Company	(150,880)	87,135	8,734	(393,288)	(224,346)
— Non-controlling interests	2,175	2,944	5,027	19	399

	Six months ended		Year ended 31 December		
	30 June				
	2024	2023	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
				(Note 1)	
Losses per share for loss from					
continuing operations attributable					
to ordinary equity holders of the					
Company during the year/period					
— Basic and diluted loss per share	(5.92)	(8.84)	(12.55)	(21.54)	N/A
(RMB cents)					(Note 1)
Earnings/(losses) per share for profit/					
(loss) attributable to ordinary					
equity holders of the Company					
during the year/period					
— Basic and diluted loss per share	(5.92)	(3.42)	0.33	(15.45)	(0.09)
(RMB cents)					

Notes:

- (1) During the year ended 31 December 2023, the Company disposed of its entire equity interests in Jinan Shouju Real Estate Ltd. and Wuhan Capital Juda Outlets Business Management Limited to certain fellow subsidiary of BCCDG. Disposal of these subsidiaries was completed on 22 August 2023 and was reported in the financial year ended 31 December 2023 as a discontinued operation and the comparative information of continuing operations for the year ended 31 December 2022 has been restated in the Company's annual report for the year ended 31 December 2023 and therefore has been included in the summary above. However, the comparative information for the year ended 31 December 2021 has not been restated and is not available.
- (2) For the year ended 31 December 2023, the revenue of the Group was approximately RMB2,123,739,000, which increased as compared to RMB935,898,000 for the same period after restated in 2022. The increase in revenue was mainly attributable to the significant increase in the revenue of sale of properties due to the completion of properties under development in 2023 and the significant improvement of sales performance of outlets since the optimization of the prevention and control policies for pandemic.
- (3) For the year ended 31 December 2023, the Group's other gains — net was approximately RMB417,141,000, which increased as compared to RMB17,338,000 for the same period after restated in 2022. The increase in other gains-net was mainly attributable to the significant increase in fair value gains on investment properties as compared to the same period in 2022 and the recognition of gains on disposal of the Group's outlets in Wuhan and Jinan, which amounted to RMB231,468,000.

Summary of Consolidated Statement of Comprehensive Income

	Six months ended		Year ended 31 December		
	30 June		2023	2022	2021
	2024	2023	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the year/period	(148,705)	90,079	13,761	(393,269)	(223,947)
Other comprehensive income/(loss) for the year/period					
Items that may be reclassified to profit or loss					
Cash flow hedges	—	(12,780)	(85,617)	67,026	62,084
Cost of hedging	—	36,222	80,289	(70,335)	(45,214)
	—	23,442	(5,328)	(3,309)	16,870
Total comprehensive income/(loss) for the year	(148,705)	113,521	8,433	(396,578)	(207,077)
(Loss)/profit attributable to:					
— Ordinary equity holders of the Company	(150,880)	110,577	3,406	(396,597)	(207,476)
— Non-controlling interests	2,175	2,944	5,027	19	399
Total comprehensive income/(loss) for the year/period attributable to ordinary equity holders of the Company arises from:					
— Continuing operations	(150,880)	(201,688)	(324,648)	(551,665)	N/A (Note 1)
— Discontinued operations	—	312,265	328,054	155,068	N/A (Note 1)

Note:

- (1) During the year ended 31 December 2023, the Company disposed of its entire equity interests in Jinan Shouju Real Estate Ltd. and Wuhan Capital Juda Outlets Business Management Limited to certain fellow subsidiary of BCCDG. Disposal of these subsidiaries was completed on 22 August 2023 and was reported in the financial year ended 31 December 2023 as a discontinued operation and the comparative information of continuing operations for the year ended 31 December 2022 has been restated in the Company's annual report for the year ended 31 December 2023 and therefore has been included in the summary above. However, the comparative information for the year ended 31 December 2021 has not been restated and is not available.

2. CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2024 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 20 to 62 of the interim report of the Company for the six months ended 30 June 2024 (the “**Interim Report 2024**”), which was published on 12 September 2024. The Interim Report 2024 is posted on the Company’s website at <http://www.bcgrand.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Interim Report 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200339.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2023 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 63 to 153 of the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”), which was published on 26 April 2024. The Annual Report 2023 is posted on the Company’s website at <http://www.bcgrand.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602504.pdf>

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2023 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 21 to 70 of the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report 2023**”), which was published on 13 September 2023. The Interim Report 2023 is posted on the Company’s website at <http://www.bcgrand.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Interim Report 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0913/2023091300620.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2022 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 69 to 163 of the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”), which was published on 3 April 2023. The Annual Report 2022 is posted on the Company’s website at <http://www.bcgrand.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0403/2023040303569.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 65 to 159 of the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”), which was published on 25 March 2022. The Annual Report 2021 is posted on the Company’s website at <http://www.bcgrand.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0325/2022032500594.pdf>

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the unaudited consolidated financial statements of the Group for each of the six months ended 30 June 2024 and 30 June 2023 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Scheme Document, the indebtedness of the Group was as follows:

	As at 31 October 2024 <i>RMB'000</i>
Bank borrowings	<u>1,713,093</u>
Other financial institution borrowings	<u>1,800,000</u>
Asset-backed Securities Scheme (senior class)	<u>2,699,901</u>
Outlets Scheme:	
— China Life Investment — BCG Outlets First Stage Asset Support Scheme	<u>1,349,444</u>
— China Life Investment — BCG Outlets Second Stage Asset Support Scheme	<u>1,799,870</u>
Amounts due to non-controlling interests	<u>118,225</u>
Lease liabilities	<u>6,363</u>
Financial guarantees	<u>232,248</u>

Save as set out above or otherwise disclosed herein, and apart from intra-group liabilities, intra-group guarantees and normal trade payables in the ordinary course of business, as of the close of business on 31 October 2024, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

4. PROPERTY INTERESTS AND REASSESSED NET ASSET VALUE

The Company has engaged Cushman & Wakefield Limited (the “**Property Valuer**”) as the independent property valuer to prepare a report in connection with its opinion of the value of the properties held by the Group as at 31 October 2024, a copy of which is set out in Appendix II to this Scheme Document (the “**Property Valuation Report**”). The properties are valued by the market comparison method which is based on comparing the properties to be valued directly with other comparable properties which have recently transacted subject to adjustments and the investment method which is based on capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the relevant properties at appropriate capitalisation rates, as the case may be. As set out in the summary of valuations in the Property Valuation Report, the total market value of the property interests in existing state as at 31 October 2024 attributable to the Group was approximately RMB6,898,900,000.

For further details, please refer to the Property Valuation Report set out in Appendix II to this Scheme Document.

The reassessed net asset value attributable to the Shareholders (the “**Reassessed NAV**”) is approximately HK\$1.84 per Share, which is calculated based on the Group’s unaudited net asset value as at 30 June 2024, adjusted with reference to the valuation of properties interests held by the Group as set out in Appendix II to the Scheme Document and assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares since the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities were accounted as equities of the Company, and is derived from the calculations below:

	<i>RMB'000</i>
The unaudited net asset value of the Group attributable to owners of the Company as at 30 June 2024 (Note 1)	4,193,504
<i>Adjustments:</i>	
Add: Net revaluation surplus arising from the valuation of the property interests attributable to the Group as at 31 October 2024 (Note 2)	116,616
Less: Net deferred tax on revaluation surplus attributable to the Group (Note 3)	(29,154)
The Reassessed NAV	4,280,966
The Reassessed NAV per Share (RMB) (Note 4)	1.68
The Reassessed NAV per Share (HK\$) (Note 5)	1.84

Notes:

1. Represents the total net assets of the Group as at 30 June 2024 of approximately RMB4,250,472,000 less the portion attributable to non-controlling interests.
2. Represents the net revaluation surplus arising from the net excess of the market value of the property interests held by the Group in existing state attributable to the Group as at 31 October 2024, as appraised by the Property Valuer, over their corresponding book values attributable to the Group as at 30 June 2024.
3. Based on the PRC corporate income tax of 25%.
4. Based on 2,547,652,479 Shares in issue and assuming that all the Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual CB Securities are converted into Shares as at the Latest Practicable Date.
5. Based on the exchange rate of HK\$1:RMB0.91268, being the median exchange rate on 28 June 2024 (being the last business day in the PRC in June 2024) as announced by the People's Bank of China.

5. MATERIAL CHANGE

For the six months ended 30 June 2024, the Group's loss for the period amounted to approximately RMB148,705,000 as compared with the profit for the period of RMB90,079,000 for the same period in 2023. During the first half of 2024, the Group's outlet business exhibited a slight increase in both revenue and gross profit as compared to the same period last year. The net loss recorded during the six months ended 30 June 2024 was primarily due to a decrease in the valuation appreciation amount of the Group's investment properties as compared to the same period last year, which was largely attributable to the valuation appreciation of the properties relating to projects in Wuhan and Jinan that were disposed of by the Group in 2023. Please refer to the Company's interim report for the six months ended 30 June 2024 for further details.

Save as disclosed above, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Scheme Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values of the Properties held by the Group in the PRC as at 31 October 2024.



27/F, One Island East,
Taikoo Place,
18 Westlands Road,
Quarry Bay,
Hong Kong

16 December 2024

The Directors
Beijing Capital Grand Limited
10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Beijing Capital Grand Limited (the “**Company**”) for Cushman & Wakefield Limited to value the properties (as more particularly described in the attached valuation report, individually the “**Property**” or collectively the “**Properties**”), held by the Company or its subsidiaries (collectively the “**Group**”), in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 31 October 2024 (the “**Valuation Date**”).

Basis of Valuation

Our valuation of each of the Properties represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (the “**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”.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited (the “**Listing Rules**”), Rule 11 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

Our valuation of each of the Properties is on an entirety interest basis.

Valuation Assumptions

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

In the course of our valuation of each of the Properties, we have relied on the information and advice given by the Group and the Company’s legal adviser (the “**Legal Adviser**”), Grandall Law Firm (Beijing) (國浩律師(北京)事務所), regarding the titles to the Properties and the interests of the Group in the Properties. Unless otherwise stated in the legal opinion, in valuing the Properties, we have prepared our valuations on the basis that the owners have enforceable titles to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties 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 Properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the 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 Properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

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

Method of Valuation

Some of the Properties are subject to non-alienation restrictions, in default of complete legitimate procedures or in lack of marketability such that market value is not applicable in the valuation. Under such circumstances, our valuations are conducted on the basis of investment value which are stated separate from the market value.

‘Investment value’, according to the International Valuation Standards which the HKIS Valuation Standards follow, is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasised that investment value is not market value.

In valuing the Properties in Group I which are completed properties held by the Group for sale in the PRC, we have mainly adopted Market Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. Given that the Properties are mostly strata residential units, ancillary commercial podium units and car parking spaces, comparable sales transactions and information about such sales are generally available, we have therefore adopted Market Comparison Method which is in line with the market practice.

In valuing the Properties in Group II which are completed properties held by the Group for investment in the PRC, we have adopted Investment Method on the basis of capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the Properties at appropriate capitalisation rates. Transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as most properties generate rental income from letting arrangements and such rental comparables are more readily available, we consider Investment Method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these properties. When using Investment Method, 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 with 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.

Group I — Completed properties held for sale in the PRC

Market unit price for

- (i) Residential: RMB3,333 to RMB13,333 per square metre (“sq m”) on gross floor area (“GFA”) basis
- (ii) Apartment: RMB10,485 per sq m on GFA basis

- (iii) Office: RMB8,825 per sq m on GFA basis
- (iv) Commercial: RMB4,033 to RMB20,092 per sq m on GFA basis
- (v) Hotel: RMB7,942 per sq m on GFA basis
- (vi) Carpark: RMB2,531 to RMB4,863 per sq m on GFA basis

Group II — Completed properties held for investment in the PRC

Market monthly unit rent for

- (i) Office: RMB173 per sq m on GFA basis
- (ii) Commercial: RMB17 to RMB338 per sq m on net leasable area basis
- (iii) Carpark: RMB154 to RMB590 per lot

Capitalisation rate for

- (i) Office: 4.5% to 5.0%
- (ii) Commercial: 5.0% to 7.0%
- (iii) Carpark: 4.0% to 4.5%

Source of Information

In respect of all properties, we have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, pre-sale details, rental incomes and revenue, site and floor areas, interest attributable to the Group and all other relevant matters.

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

We would point out that the copies of documents of the Properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents.

Title Investigation

We have been provided with extracts of documents relating to the titles of the Properties, but no searches have been made in respect of the Properties. However, we have not inspected the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties and we have therefore relied on the advice given by the Group for all properties or the Legal Adviser regarding the interests of the Group in each of the Properties in the PRC.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and the Legal Adviser in respect of the title to the Properties in the PRC.

Site Inspection

We inspected the exterior and, wherever possible, the interior of the Properties in between June and November 2024. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

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

Currency

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

Potential Tax Liabilities

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the Properties held by the Group at the amounts valued by us mainly comprise the following:

- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Other surcharge at approximately 12% of value-added tax

In respect of the Properties held by the Group for investment, the likelihood of the relevant tax liabilities being crystallised is remote as the Group has no plans for the disposal of such properties yet. In respect of the completed properties held for sale, it is likely that the relevant tax liabilities will be crystallised upon sale.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuation of the Properties 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 Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith a summary of valuations and the valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam

MHKIS, MRICS, R.P.S. (GP)

Senior 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 30 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 valuations competently.

SUMMARY OF VALUATIONS

Group I — Completed properties held by the Group for sale in the PRC

		Market value in existing state as at 31 October 2024 (RMB)	Interest attributable to the Group (%)	Market value in existing state as at 31 October 2024 attributable to the Group (RMB)
Property				
I-1.	Portions of Xi'an Capitaland International City (西安首創國際城), No. 66 Fengcheng 12th Road, Economic and Technological Development Zone, Xi'an, Shaanxi Province, the PRC	1,604,000,000	100	1,604,000,000
I-2.	Portions of Nanchang Capital Outlets (南昌首創奧特萊斯), Shandan Road, Xinjian, Nanchang, Jiangxi Province, the PRC	211,000,000	40	84,400,000
I-3.	Portions of Chongqing Capital Outlets (重慶首創奧特萊斯), No. 2001 Lujiao Fulu Avenue, Nanquan Street, Banan District, Chongqing, the PRC	12,000,000	100	12,000,000
I-4.	Portions of Nanning Capital Outlets (南寧首創奧特萊斯), No. 406 Kunlun Road, Xingning District, Nanning, Guangxi Province, the PRC	80,000,000	100	80,000,000
I-5.	Portions of Jinan Capital Outlets (濟南首創奧特萊斯), No. 7181 Century Avenue, Licheng District, Jinan, Shandong Province, the PRC	15,000,000	100	15,000,000
	Group I Sub-total:	1,922,000,000		1,795,400,000

SUMMARY OF VALUATIONS

Group II — Completed properties held by the Group for investment in the PRC

		Market value in existing state as at 31 October 2024 (RMB)	Interest attributable to the Group (%)	Market value in existing state as at 31 October 2024 attributable to the Group (RMB)
	Property			
II-1.	Huzhou Capital Outlets (湖州奧萊商業), Binhu Street, Wuxing District, Huzhou, Zhejiang Province, the PRC	851,000,000	100	851,000,000
II-2.	Zhengzhou Capital Outlets (鄭州奧萊商業), Northeast of intersection of Binhudong Road and Aolai Street, Jiayu Village, Xingyang District, Zhengzhou, Henan Province, the PRC	666,000,000	100	666,000,000
II-3.	Hangzhou Capital Outlets (杭州奧萊商業), Dongzhou Street, Fuyang District, Hangzhou, Zhejiang Province, the PRC	878,000,000	100	878,000,000
II-4.	Chongqing Capital Outlets (重慶奧萊商業), Fulu Road, Banan District, Chongqing, the PRC	708,000,000	100	708,000,000
II-5.	Xi'an Capital Outlets (西安奧萊商業), No. 665 Xiliu Road, Gaoxin District, Xi'an, Shaanxi Province, the PRC	818,000,000	100	818,000,000
II-6.	Kunming Capital Outlets (昆明奧萊商業), Heilinpu Street, Wuhua District, Kunming, Yunnan Province, the PRC	880,000,000	85	748,000,000
II-7.	Beijing China Railway Construction Plaza (北京中國鐵建廣場), Beiyuandong Road, Chaoyang District, Beijing, the PRC	869,000,000	50	434,500,000
II-8.	Fangshan Capital Outlets (房山奧萊商業), No. 6 Yuesheng Road, Changyang Village, Fangshan District, Beijing, the PRC	N/A	100	N/A

		Market value in existing state as at 31 October 2024 (RMB)	Interest attributable to the Group (%)	Market value in existing state as at 31 October 2024 attributable to the Group (RMB)
	Property			
II-9.	Kunshan Capital Outlets Project Phase I (昆山南地塊商業), No. 501 Dongcheng Street, Kaifa District, Kunshan, Jiangsu Province, the PRC	N/A	100	N/A
II-10.	Kunshan Capital Outlets Project Phase II (昆山中地塊商業), No. 501 Dongcheng Street, Kaifa District, Kunshan, Jiangsu Province, the PRC	N/A	100	N/A
II-11.	Hefei Capital Outlets (合肥奧萊商業), Zhujiang Road, Binhu District, Heifei, Anhui Province, the PRC	N/A	100	N/A
II-12.	Nanchang Capital Outlets (南昌奧萊商業), Mingfan Road, Xinjian District, Nanchang, Jiangxi Province, the PRC	N/A	100	N/A
II-13.	Portion of shops in Nanchang outlets-B plot (南昌首創奧特萊斯購物中心-B地塊部份商鋪), Shandan Road, Xinjian District, Nanchang, Jiangxi Province, the PRC	N/A	40	N/A
II-14.	Nanning Capital Outlets (南寧奧萊商業), No. 406 Kunlun Avenue, Xingning District, Nanning, Guangxi Province, the PRC	N/A	100	N/A
II-15.	Qingdao Capital Outlets (青島奧萊商業), No. 308 Huoju Road, High-tech District, Qingdao, Shandong Province, the PRC	N/A	100	N/A
II-16.	Xiamen Capital Outlets (廈門奧萊商業), Nos. 851-863 Xinao Road, Xiangnan District, Xiamen, Fujian Province, the PRC	N/A	100	N/A
	Group II Sub-total:	<u>5,670,000,000</u>		<u>5,103,500,000</u>
	Grand Total:	<u>7,592,000,000</u>		<u>6,898,900,000</u>

Note:

- (1) Investment values of certain properties whereby market value is not applicable are presented in the respective valuation report.

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024																				
I-1. Portions of Xi'an Capitalland International City (西安首創國際城), No. 66 Fengcheng 12th Road, Economic and Technological Development Zone, Xi'an, Shaanxi Province, the PRC	<p>The Property is an integrated project built on a parcel of land with a total site area of 326,940.39 sq m.</p> <p>The Property was completed in between 2011 and 2023. The Property has a total gross floor area of 270,128.59 sq m. Details are as follows:</p>	The Property is vacant and held for sale.	<p>RMB1,604,000,000</p> <p>(RENMINBI ONE BILLION SIX HUNDRED FOUR MILLION)</p> <p>(100% interest attributable to the Group: RMB1,604,000,000)</p>																				
	<table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>residential</td> <td>726.22</td> </tr> <tr> <td>commercial</td> <td>31,797.54</td> </tr> <tr> <td>office</td> <td>29,424.00</td> </tr> <tr> <td>carpark</td> <td>162,969.04</td> </tr> <tr> <td>hotel</td> <td>35,417.63</td> </tr> <tr> <td>cinema</td> <td>7,460.41</td> </tr> <tr> <td>apartment</td> <td>1,848.39</td> </tr> <tr> <td>others</td> <td><u>485.36</u></td> </tr> <tr> <td>Total</td> <td><u>270,128.59</u></td> </tr> </tbody> </table>	Type of Property	Gross Floor Area (sq m)	residential	726.22	commercial	31,797.54	office	29,424.00	carpark	162,969.04	hotel	35,417.63	cinema	7,460.41	apartment	1,848.39	others	<u>485.36</u>	Total	<u>270,128.59</u>		
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apartment	1,848.39																						
others	<u>485.36</u>																						
Total	<u>270,128.59</u>																						

The locality of the Property is characterised by an emerging district of residential developments.

The land use rights of the Property have been granted for terms due to expire on 13 November 2057 for comprehensive use and 13 November 2077 for residential use.

Notes:

- (1) According to the Certificates for the Use of State-owned Land, the land use rights of the development project have been vested in Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Certificate No.	Issue Date	Land User	Expiry Date	Use	Site Area (sq m)
西經國用(2012出)第035號	24 August 2012	Xi'an Capitalland Xinkai Real Estate Co., Ltd	13 November 2077	residential	114,172.93
西經國用(2012出)第036號	24 August 2012		13 November 2057	comprehensive	6,913.49
西經國用(2012出)第038號	24 August 2012		13 November 2077	residential	135,032.20
西經國用(2012出)第037號	24 August 2012		13 November 2057	comprehensive	16,129.74
西經國用(2012出)第033號	24 August 2012		13 November 2057	comprehensive	54,692.03
Total					<u>326,940.39</u>

- (2) Details of the Planning Permit for Construction Use of Land in favour of Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司) are as follows:

Permit No.	Issue Date	Land User	Site Area (mu)
[2008]年第06號	12 May 2008	Xi'an Capitalland Xinkai Real Estate Co., Ltd	613.701

As informed by the Group, the above permit only contains portions of the Property.

- (3) According to the Planning Permits for Construction Works in favour of Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
(2010)第019號	14 May 2010	17#~22#	159,930
(2010)第047號	27 December 2011	10#~16#	142,068
西經開建字第(2014)030號	29 September 2011	Carpark B	33,453
建字西經開(2013)第014號	19 April 2013	46#~49#、51#~56#、50#、 Carpark E、67#、68#	247,038
建字西經開(2013)第015號	19 April 2013	57#	40,753
西經開建字第(2015)030號	29 September 2016	25#	101,092
西經開建字第(2019)039號	7 July 2019	Phase 8 of Xi'an Capitalland International City	294,447.47
Total			<u>1,018,781.47</u>

As informed by the Group, the Property constitutes portions of the above permits.

- (4) According to the Permits for Commencement of Construction Works in favour of Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司), the construction works of the development project are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
610131202003250301	25 March 2020	Section 1 of Xi'an Capitalland International City Phase 8	145,940.145
610131202003250401	25 March 2020	Section 2 of Xi'an Capitalland International City Phase 8	148,507.325
610131201601260101	26 January 2016	25#	51,187.13
610131201601260201	26 January 2016	25#	49,904.73
西經開(2013)008號	16 April 2013	37#~39#、Carpark D	96,245.25
西經開(2012)048號	28 December 2012	31#~36#、40#、45#	192,711.37
西經開(2010)018號	8 June 2010	17#~22#	159,930
西經開(2011)003號	17 February 2011	10#~16#	142,068
西經開(2013)029號	8 November 2013	41#~44#、46~49#、50#、Carpark E、67#、68#	137,837
西經開(2013)037號	27 November 2013	51#、57#	54,772
西經開(2014)028號	8 May 2014	52#~56#	118,861
Total			1,297,963.95

As informed by the Group, the Property constitutes portions of the above permits.

- (5) According to the Commodity Housing Pre-sale Permits in favour of Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司), the construction works with a total gross floor area of 729,052 sq m was permitted for pre-sale with details as follows:

Permit No.	Issue Date	Property Name	Building Use	Gross Floor Area (sq m)
市房預售字第2013133號	5 June 2013	Xi'an Capitalland International City	residential	33,189
市房預售字第2012254號	14 December 2012	Xi'an Capitalland International City	residential, commercial	192,499
市房預售字第2013353號	9 December 2013	Xi'an Capitalland International City	commercial, office	36,246
市房預售字第2013334號	28 November 2013	Xi'an Capitalland International City	commercial, residential	85,333
市房預售字第2020135號	25 May 2020	Xi'an Capitalland International City	commercial, office	57,011
市房預售字第2020493號	8 December 2020	Xi'an Capitalland International City	commercial, office	62,477
市房預售字第2016090號	1 April 2016	Xi'an Capitalland International City	commercial, comprehensive, office	75,495
市房預售字第2010053號	25 March 2011	Xi'an Capitalland International City	residential	45,866
市房預售字第2010111號	29 June 2010	Xi'an Capitalland International City	residential	140,936
Total				729,052

As informed by the Group, the Property constitutes portions of the above permits.

- (6) According to the Completion and Acceptance Certificates in favour of Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司), a total gross floor area of 667,114.79 sq m was completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
經開監備(2023)年211號	28 July 2023	63#	26,570.52
經開監備(2023)年210號	28 July 2023	62#	25,896.25
經開監備(2023)年213號	28 July 2023	65#	37,253.84
經開監備2024年052號	31 May 2014	38#	8,472.48
經開監備2024年051號	31 May 2014	37#	12,308.89
經開監備2024年048號	31 May 2014	34#	12,309.00
經開監備2011年099號	13 November 2011	17#	14,110.70
經開監備2011年0100號	13 November 2011	18#	28,156.92
經開監備2011年0101號	13 November 2011	19#	25,633.08
經開監備2011年077號	13 November 2011	20#	12,924.18
經開監備2011年0102號	13 November 2011	21#	25,738.43
經開監備2011年078號	13 November 2011	22#	33,210.09
經開監備2011年0103號	13 November 2011	23#	4,500.00
經開監備2011年0104號	13 November 2011	24#	1,600.00
經開監備2011年0105號	13 November 2011	Carpark	14,057.05
經開監備2013年063號	30 May 2013	12#	25,913.00
經開監備2017年135號	30 September 2017	25#	47,088.91
經開監備2017年137號	30 September 2017	25#	30,482.34
經開監備2017年138號	30 September 2017	25#	13,606.72
經開監備2017年139號	30 September 2017	25#	5,815.67
經開監備2017年136號	30 September 2017	25#	4,098.22
驗字第西經開[2015]35號	19 December 2015	41#~44#、46#~53#	120,727.50
驗字第西經開[2015]31號	28 September 2016	54#~57#	136,641.00
		Total	667,114.79

As informed by the Group, the Property constitutes portions of the above certificates.

- (7) According to the Real Estate Ownership Certificates, the title of the property has been vested in Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司) with details as follows:

Certificate No.	Building Use	Gross Floor Area (sq m)
1100120004-1-38-21102~0	residence	238.24
1100120004-1-34-10101~0	residence	308.59
陝(2017)西安市不動產權第1404837號	residence	203.41
陝(2018)西安市不動產權第1499935號	retail	840.16
1100118024-1-22-10804~0	residence	82.69
1100118024-1-12-11304~0	residence	96.70
陝(2018)西安市不動產權第1088525號	retail	1,909.04
陝(2018)西安市不動產權第1088526號	retail	1,952.72
陝(2018)西安市不動產權第1088527號	retail	1,954.11
陝(2018)西安市不動產權第1499610號	retail	510.11
陝(2023)西安市不動產權第0786359號	retail	64.45
陝(2023)西安市不動產權第0786360號	retail	56.07
陝(2023)西安市不動產權第0786361號	retail	56.07
陝(2023)西安市不動產權第0786362號	retail	56.07
陝(2023)西安市不動產權第0786363號	retail	56.07
陝(2023)西安市不動產權第0786364號	retail	56.07
陝(2023)西安市不動產權第0786365號	retail	56.07
陝(2023)西安市不動產權第0786366號	retail	55.75
陝(2023)西安市不動產權第0786367號	retail	63.33
陝(2023)西安市不動產權第0786368號	retail	66.77
陝(2023)西安市不動產權第0787389號	retail	35.94
陝(2023)西安市不動產權第0787390號	retail	43.59
陝(2023)西安市不動產權第0787391號	retail	59.30
陝(2023)西安市不動產權第0787392號	retail	53.81
陝(2023)西安市不動產權第0787393號	retail	51.82
陝(2023)西安市不動產權第0787394號	retail	40.06
陝(2023)西安市不動產權第0787395號	retail	47.18
陝(2023)西安市不動產權第0787396號	retail	53.28
陝(2023)西安市不動產權第0787439號	retail	133.75
陝(2023)西安市不動產權第0787440號	retail	109.81
陝(2023)西安市不動產權第0787441號	retail	109.63
陝(2023)西安市不動產權第0787442號	retail	66.21
陝(2023)西安市不動產權第0787443號	retail	57.92
陝(2023)西安市不動產權第0787444號	retail	66.49
陝(2023)西安市不動產權第0787445號	retail	73.82
陝(2023)西安市不動產權第0787604號	office	37.16
陝(2023)西安市不動產權第0787383號	retail	134.87
陝(2023)西安市不動產權第0787412號	office	53.27
陝(2023)西安市不動產權第0787413號	office	53.27
陝(2023)西安市不動產權第0787414號	office	53.27
陝(2023)西安市不動產權第0787415號	office	53.27
陝(2023)西安市不動產權第0787416號	office	53.27
陝(2023)西安市不動產權第0787417號	office	53.27
陝(2023)西安市不動產權第0787420號	office	53.27

Certificate No.	Building Use	Gross Floor Area (sq m)
陝(2023)西安市不動產權第0787421號	office	53.27
陝(2023)西安市不動產權第0787422號	office	53.27
陝(2023)西安市不動產權第0787457號	office	53.50
陝(2023)西安市不動產權第0787458號	office	53.50
陝(2023)西安市不動產權第0787459號	office	58.91
陝(2023)西安市不動產權第0787471號	office	51.59
陝(2023)西安市不動產權第0787493號	office	54.44
陝(2023)西安市不動產權第0787494號	office	49.26
陝(2023)西安市不動產權第0787495號	office	61.88
陝(2023)西安市不動產權第0787561號	office	61.88
陝(2023)西安市不動產權第0787577號	office	42.14
陝(2023)西安市不動產權第0787626號	office	49.26
陝(2023)西安市不動產權第0787703號	office	37.16
陝(2023)西安市不動產權第0787748號	office	53.50
陝(2023)西安市不動產權第0787798號	office	38.80
陝(2023)西安市不動產權第0787842號	office	41.15
陝(2023)西安市不動產權第0787843號	office	52.54
陝(2023)西安市不動產權第0787844號	office	53.50
陝(2023)西安市不動產權第0787874號	office	42.14
陝(2023)西安市不動產權第0787900號	office	51.59
陝(2023)西安市不動產權第0787901號	office	37.16
陝(2023)西安市不動產權第0787918號	office	53.50
陝(2023)西安市不動產權第0787919號	office	53.50
陝(2023)西安市不動產權第0787920號	office	53.50
陝(2023)西安市不動產權第0787921號	office	58.91
陝(2023)西安市不動產權第0787942號	office	52.54
陝(2023)西安市不動產權第0787969號	office	38.65
陝(2023)西安市不動產權第0787970號	office	38.65
陝(2023)西安市不動產權第0787971號	office	38.65
		11,668.36

The property has a total gross floor area of 270,128.59 sq m. As informed by the Group, the Real Estate Ownership Certificates constitute portions of the Property.

- (8) According to the information provided to us, portions of the Property with a gross floor area of 3,536.50 sq m have been committed to be sold for a consideration of about RMB32,957,317. In the course of our valuation, we have included such committed portions and taken into account such consideration in our valuation.
- (9) According to Business Licence No. 91610132668665248W, Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司) was established as a limited liability company with a registered capital of USD165,000,000, was established on 24 December 2007 as a limited liability company.
- (10) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;

- (c) Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificates and approvals from the government in respect of the construction of the Property;
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificates and the Grant Contract of State-owned Land Use Rights, Xi'an Capitalland Xinkai Real Estate Co., Ltd (西安首創新開置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property; and
- (e) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.
- (11) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|----------------|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Commodity Housing Pre-sale Permit | Yes |
| Completion and Acceptance Certificate | Yes |
| Real Estate Ownership Certificate | Yes (portions) |
- (12) Mengfei Wang, Senior Valuer of our Xi'an Office, inspected the Property on 12 November 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
I-2. Portions of Nanchang Capital Outlets (南昌首創奧特萊斯), Shandan Road, Xinjian, Nanchang, Jiangxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 30,153.33 sq m. The Property was completed in September 2018.</p> <p>The Property has a total gross floor area of 24,767.93 sq m.</p> <p>The land use rights of the Property have been granted for a term due to expire on 22 August 2055 for business and financial uses.</p>	The Property is vacant and held for sale.	<p>RMB211,000,000</p> <p>(RENMINBI TWO HUNDRED AND ELEVEN MILLION)</p> <p>(40% interest attributable to the Group: RMB84,400,000)</p>

Notes:

- (1) According to the Transfer Contract of State-owned Land Use Rights, the land use rights of the property have been contracted to be granted to Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司), a 40% owned subsidiary of the Company, with key details as follows:

Contract No.	:	NCGSHC-CW-0001
Land Plot No.	:	DAK2015014B
Site Area	:	30,153.33 sq m
Land Use Term	:	40 years

- (2) Details of the Planning Permit for Construction Use of Land in favour of Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司) are as follows:

Permit No.	Issue Date	Property Name	Site Area (mu)
360122201610002換	18 March 2016	Cinema Supermarket Project	45.23

As informed by the Group, the Property constitutes portions of the above permit.

- (3) According to the Planning Permits for Construction Works in favour of Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
36012220160000088換	27 May 2016	1#	7,432.62
36012220160000089換	27 May 2016	2#	3,602.92
36012220160000090換	27 May 2016	3#	3,546.91
36012220160000091換	27 May 2016	4#	6,461.6
36012220160000092換	27 May 2016	5#	16,506.44
36012220160000093換	27 May 2016	Basement	23,401
		Total	<u>60,951.49</u>

As informed by the Group, the Property constitutes portions of the above permits.

- (4) According to the Permit for Commencement of Construction Works in favour of Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司), the construction works of the Property are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
360122201611180101	18 November 2016	1-5#, and basement	60,951.49

As informed by the Group, the Property constitutes portions of the above permit.

- (5) According to the Commodity Housing Pre-sale Permit in favour of Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司), the construction works with a total gross floor area of 31,291.54 sq m were permitted for pre-sale with details as follows:

Permit No.	Issue Date	Property Name	Building Use	Gross Floor Area (sq m)
2017045	2 May 2017	Cinema Supermarket Project 1#2#3#4#5#	Non-residential	31,291.54

As informed by the Group, the Property constitutes portions of the above permit.

- (6) According to the Completion and Acceptance Certificates in favour of Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司), a total gross floor area of 60,951.49 sq m was completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
2018 205	29 September 2018	1#	7,432.62
2018 206	29 September 2018	2#	3,602.92
2018 207	29 September 2018	3#	3,546.91
2018 208	29 September 2018	4#	6,461.6
2018 209	29 September 2018	5#	16,506.44
2018 210	29 September 2018	Basement	23,401
Total			<u>60,951.49</u>

As informed by the Group, the Property constitutes portions of the above certificates.

- (7) According to the Real Estate Ownership Certificate, the land use rights of the Property, comprising a total site area of 30,153.33 sq m and the building ownership of the Property with a gross floor area of approximately 24,767.93 sq m have been vested in Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司) for a term of 40 years due to expire on 22 August 2055 for commercial use.
- (8) According to the information provided to us, portions of the Property with a gross floor area of 1,210.38 sq m have been committed to be sold for a total consideration of about RMB16,946,985. In the course of our valuation, we have included such committed portions and taken into account such consideration in our valuation.
- (9) According to Business Licence No. 91360122MA35HC7B77, Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司) was established as a limited liability company with a registered capital of RMB50,000,000 for a valid operation period from 19 April 2016 to long term.
- (10) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificate of the property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
 - (c) Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificates and approvals from the government in respect of the construction of the Property;
 - (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Nanchang Huachaungxinghong Real Estate Co. Ltd (南昌華創興洪置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property; and
 - (e) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.

(11) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Transfer Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Commodity Housing Pre-sale Permit	Yes
Completion and Acceptance Certificate	Yes
Real Estate Ownership Certificate	Yes

(12) Jianyu Wei, Manager of our Shenzhen Office, inspected the Property on 6 November 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
I-3. Portions of Chongqing Capital Outlets (重慶首創奧特萊斯), No. 2001 Lujiao Fulu Avenue, Nanquan Street, Banan District, Chongqing, the PRC	<p>The Property is a commercial project built on two parcels of land with a total site area of 74,349.00 sq m. The Property was completed in June 2019.</p> <p>The Property has a total gross floor area of 2,164.63 sq m.</p> <p>The locality of the Property is characterised by an emerging district of residential developments.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2057 for commercial services.</p>	The property is vacant and held for sale.	<p>RMB12,000,000</p> <p>(RENMINBI TWELVE MILLION)</p> <p>(100% interest attributable to the Group: RMB12,000,000)</p>

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	(2017)59 [渝地(2017)合字(巴南)第59號]
Issue Date	:	9 May 2017
Land Plot No.	:	BN-4-493
Site Area	:	74,349 sq m
Land Use Term	:	commercial and business for 40 years

- (2) Details of the Planning Permit for Construction Use of Land in favour of Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司) are as follows:

Permit No.	Issue Date	Property Name	Site Area (sq m)
500113201700039	16 May 2017	Chongqing Capital Outlets	74,349

As informed by the Group, the Property constitutes portions of the above permit.

- (3) According to the Planning Permit for Construction Works in favour of Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
500113201700101	15 August 2017	Chongqing Capital Outlets	127,645.85

As informed by the Group, the Property constitutes portions of the above permit.

- (4) According to the Permit for Commencement of Construction Works in favour of Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司), the construction works of the Property are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
500113201711020101	2 November 2017	Chongqing Capital Outlets	127,645.85

As informed by the Group, the Property constitutes portions of the above permit.

- (5) According to the Commodity Housing Pre-sale Permit in favour of Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司), the construction works with a total gross floor area of 13,327.09 sq m were permitted for pre-sale with details as follows:

Permit No.	Issue Date	Property Name	Building Use	Gross Floor Area (sq m)
(2018)372	12 April 2018	Chongqing Capital Outlets	commercial	13,327.09

As informed by the Group, the Property constitutes portions of the above permit.

- (6) According to the Completion and Acceptance Certificate in favour of Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司), a total gross floor area of 127,671.92 sq m was completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
2019-0062	2 July 2019	Chongqing Capital Outlets	13,222.91
2019-0065	17 July 2019	Chongqing Capital Outlets	114,449.01
Total			<u>127,671.92</u>

As informed by the Group, the Property constitutes portions of the above certificates.

- (7) According to the information provided to us, portions of the Property with a gross floor area of 1,903.47 sq m have been committed to be sold for a consideration of about RMB9,494,844. In the course of our valuation, we have included such committed portions and taken into account such consideration in our valuation.

- (8) According to Business Licence No. 91500113MA5UAEFF4G, Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司) was established on 6 January 2017 as a limited liability company with a registered capital of RMB200,000,000.
- (9) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (b) Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property;
- (c) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Chongqing Shoujue Outlets Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property; and
- (d) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.
- (10) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Commodity Housing Pre-sale Permit	Yes
Completion and Acceptance Certificate	Yes
Real Estate Ownership Certificate	No

- (11) Xuesi Xiong, Valuer of our Chongqing Office, inspected the Property on 1 November 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
I-4. Portions of Nanning Capital Outlets (南寧首創奧特萊斯), No. 406 Kunlun Road, Xingning District, Nanning, Guangxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 101,973.59 sq m. The Property was completed in May 2021. The Property has a total gross floor area of 9,482.27 sq m.</p> <p>The locality of the Property is characterised by an emerging district of residential developments.</p> <p>The land use rights of the Property have been granted for terms due to expire on 14 September 2058 for wholesale, retail and accommodation catering uses, and 14 September 2068 for storage use.</p>	The Property is vacant and held for sale.	<p>RMB80,000,000</p> <p>(RENMINBI EIGHTY MILLION)</p> <p>(100% interest attributable to the Group: RMB80,000,000)</p>

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Nanning Juda Outlets Real Estate Co. Ltd. (南寧鉅大奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	2018021
Land Plot No.	:	450102101201GB00067
Site Area	:	101,973.59 sq m
Land Use Term	:	wholesale and retail for 40 years, storage for 50 years, accommodation catering for 40 years

- (2) Details of the Planning Permit for Construction Use of Land in favour of Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司) are as follows:

Permit No.	Issue Date	Property Name	Site Area (sq m)
450101201800153	30 September 2018	Nanning Capital Outlets	101,973.53

As informed by the Group, the Property constitutes portions of the above permit.

- (3) According to the Planning Permits for Construction Works in favour of Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
450101201900185	7 March 2019	A1#	7,042.62
450101201900186	7 March 2019	A2#	<u>8,371.92</u>
Total			<u>15,414.54</u>

As informed by the Group, the Property constitutes portions of the above permits.

- (4) According to the Permit for Commencement of Construction Works in favour of Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司), the construction works of the Property are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
450101201905150201	15 May 2019	A1~A2#, B1~B2#, B4~B7#, C# and basement	130,383.27

As informed by the Group, the Property constitutes portions of the above permit.

- (5) According to the Commodity Housing Pre-sale Permit in favour of Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司), the construction works with a total gross floor area of 15,278.02 sq m were permitted for pre-sale with details as follows:

Permit No.	Issue Date	Property Name	Building Use	Gross Floor Area (sq m)
(2019)352	16 July 2019	Nanning Capital Outlets	commercial	15,278.02

As informed by the Group, the Property constitutes portions of the above permit.

- (6) According to the Completion and Acceptance Certificate in favour of Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司), a total gross floor area of 15,228.37 sq m was completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
2021-267	18 May 2021	A1#	6,856.45
2021-268	18 May 2021	A2#	<u>8,371.92</u>
Total			<u>15,228.37</u>

As informed by the Group, the Property constitutes portions of the above certificates.

- (7) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)
(2018)0188125	accommodation catering, storage, wholesale and retail	14 September 2058, 14 September 2068, 14 September 2058	101,973.59

- (8) According to the information provided to us, portions of the Property with a gross floor area of 3,570.13 sq m have been committed to be sold for a consideration of about RMB37,143,411. In the course of our valuation, we have included such committed portions and taken into account such consideration in our valuation.
- (9) According to Business Licence No. 91450102MA5NAA0X9F, Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司) was established as a limited liability company with a registered capital of RMB350,000,000 for a valid operation period from 16 July 2018 to long term.
- (10) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
 - (c) Nanning Juda Outlets Real Estate Co. Ltd(南寧鉅大奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property;
 - (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Nanning Juda Outlets Real Estate Co. Ltd (南寧鉅大奧特萊斯置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property; and
 - (e) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.

- (11) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Commodity Housing Pre-sale Permit	Yes
Completion and Acceptance Certificate	Yes
Real Estate Ownership Certificate	Yes (land only)

- (12) Lanchun Gan, Senior Manager of our Nanning Office, inspected the Property on 30 October 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
I-5. Portions of Jinan Capital Outlets (濟南首創奧特萊斯), No. 7181 Century Avenue, Licheng District, Jinan, Shandong Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 114,929.00 sq m.</p> <p>The Property was completed in May 2019. The Property has a total gross floor area of 1,978.99 sq m.</p> <p>The locality of the Property is characterised by an emerging district of residential developments.</p> <p>The land use rights of the Property have been granted for terms due to expire on 15 January 2057 for business and financial uses.</p>	The property is vacant and held for sale.	<p>RMB15,000,000</p> <p>(RENMINBI FIFTEEN MILLION)</p> <p>(100% interest attributable to the Group: RMB15,000,000)</p>

Notes:

- (1) According to the Real Estate Ownership Certificates, the title of the property has been vested in Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. Jinan Branch (珠海橫琴恒盛華創商業管理有限公司濟南分公司), a 100% owned subsidiary of the Company, with details as follows:

Certificate No.	Land Use	Expiry date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2023)0159180	business and financial	15 January 2057	114,929.00	commercial	86.55
(2023)0159181	business and financial	15 January 2057	114,929.00	commercial	97.15
(2023)0159183	business and financial	15 January 2057	114,929.00	commercial	48.20
(2023)0159203	business and financial	15 January 2057	114,929.00	commercial	65.78
(2023)0159202	business and financial	15 January 2057	114,929.00	commercial	79.40
(2023)0159178	business and financial	15 January 2057	114,929.00	commercial	24.68
(2023)0159177	business and financial	15 January 2057	114,929.00	commercial	97.79
(2023)0159176	business and financial	15 January 2057	114,929.00	commercial	99.17
(2023)0159198	business and financial	15 January 2057	114,929.00	commercial	88.88
(2023)0159197	business and financial	15 January 2057	114,929.00	commercial	58.17

Certificate No.	Land Use	Expiry date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2023)0159196	business and financial	15 January 2057	114,929.00	commercial	42.73
(2023)0159195	business and financial	15 January 2057	114,929.00	commercial	96.15
(2023)0159194	business and financial	15 January 2057	114,929.00	commercial	122.54
(2023)0159193	business and financial	15 January 2057	114,929.00	commercial	51.83
(2023)0159192	business and financial	15 January 2057	114,929.00	commercial	107.65
(2023)0159191	business and financial	15 January 2057	114,929.00	commercial	96.52
(2023)0158484	business and financial	15 January 2057	114,929.00	commercial	81.88
(2023)0158483	business and financial	15 January 2057	114,929.00	commercial	70.69
(2023)0158482	business and financial	15 January 2057	114,929.00	commercial	70.69
(2023)0158481	business and financial	15 January 2057	114,929.00	commercial	140.54
(2023)0158480	business and financial	15 January 2057	114,929.00	commercial	122.31
(2023)0158451	business and financial	15 January 2057	114,929.00	commercial	71.00
(2023)0158450	business and financial	15 January 2057	114,929.00	commercial	101.32
(2023)0159179	business and financial	15 January 2057	114,929.00	commercial	57.37
Total			114,929.00		1,978.99

- (2) According to Business Licence No.91370112MA3TKG7J13, Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. Jinan Branch (珠海橫琴恒盛華創商業管理有限公司濟南分公司) was established on 22 July 2020 as a limited liability company.
- (3) Pursuant to the House Sale and Purchase Contract, Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. Jinan Branch purchased a commercial project with total GFA of 1,978.99 sq m for a total acquisition price of RMB20,443,896 on 20 June 2023.
- (4) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
 - (c) Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. Jinan Branch(珠海橫琴恒盛華創商業管理有限公司濟南分公司) is the sole legal land user of the Property; and

- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. Jinan Branch (珠海橫琴恒盛華創商業管理有限公司濟南分公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.
- (5) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|-----|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Rights | No |
| Planning Permit for Construction Use of Land | No |
| Planning Permit for Construction Works | No |
| Permit for Commencement of Construction Works | No |
| Commodity Housing Pre-sale Permit | No |
| Completion and Acceptance Certificate | No |
| Real Estate Ownership Certificate | Yes |
- (6) Min Hao, Senior Manager of our Jinan Office, inspected the Property on 4 November 2024.

VALUATION REPORT

Group II — Completed properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-1. Huzhou Capital Outlets (湖州奧萊商業), Binhu Street, Wuxing District, Huzhou, Zhejiang Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 214,317.00 sq m.</p> <p>The Property was completed in December 2014. The Property has a total gross floor area of 95,330.84 sq m.</p> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for terms due to expire on 10 February 2050 for commercial use.</p>	<p>Portions of the Property with a total gross floor area of 38,070.23 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB1,420,000 per month.</p>	<p>RMB851,000,000</p> <p>(RENMINBI EIGHT HUNDRED FIFTY ONE MILLION)</p> <p>(100% interest attributable to the Group: RMB851,000,000)</p>

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	3305012009A21085
Issue Date	:	7 January 2010
Land Plot No.	:	2009-29號
Site Area	:	302,693.00 sq m
Plot Ratio	:	0.80-1
Land Use Term	:	wholesale and retail for 40 years, hotel for 40 years
Building Covenant	:	1 December 2013

- (2) According to the Certificates for the Use of State-owned Land, the land use rights of the Property have been vested in Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司), with details as follows:

Certificate No.	Issue Date	Land Use	Expiry date	Site Area (sq m)
(2013)013188	27 November 2013	commercial	10 February 2050	109,937.00
(2013)013190	27 November 2013	commercial	10 February 2050	<u>104,380.00</u>
Total				<u>214,317.00</u>

- (3) According to the Building Ownership Certificates, the title of the Property has been vested in Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司) with details as follows:

Certificate No.	Issue Date	Building Use	Gross Floor Area (sq m)
110220754	14 April 2014	commercial	910.78
110220753	14 April 2014	commercial	181.01
110220752	14 April 2014	commercial	198.58
110220751	14 April 2014	commercial	198.58
110220749	14 April 2014	commercial	198.58
110220748	14 April 2014	commercial	198.58
110220747	14 April 2014	commercial	198.58
110220746	14 April 2014	commercial	198.58
110220745	14 April 2014	commercial	201.80
110220744	14 April 2014	commercial	349.99
110220743	14 April 2014	commercial	553.66
110220742	14 April 2014	commercial	219.73
110220741	14 April 2014	commercial	201.04
110220740	14 April 2014	commercial	201.04
110220739	14 April 2014	commercial	216.21
110220738	14 April 2014	commercial	216.21
110220737	14 April 2014	commercial	219.65
110220736	14 April 2014	commercial	375.75
110220735	14 April 2014	commercial	399.85
110220734	14 April 2014	commercial	198.58
110220733	14 April 2014	commercial	198.58
110220732	14 April 2014	commercial	198.58
110220731	14 April 2014	commercial	198.58
110220730	14 April 2014	commercial	483.58
110220729	14 April 2014	commercial	1,372.96
110221009	14 April 2014	commercial	1,389.44
110221008	14 April 2014	commercial	520.28
110221005	14 April 2014	commercial	165.66
110221004	14 April 2014	commercial	251.78
110221003	14 April 2014	commercial	254.22
110221002	14 April 2014	commercial	250.70
110220999	14 April 2014	commercial	250.70
110220998	14 April 2014	commercial	250.70
110220997	14 April 2014	commercial	250.70
110220995	14 April 2014	commercial	250.70
110220994	14 April 2014	commercial	250.70

Certificate No.	Issue Date	Building Use	Gross Floor Area (sq m)
110221020	14 April 2014	commercial	250.70
110221019	14 April 2014	commercial	250.70
110221018	14 April 2014	commercial	449.01
110221015	14 April 2014	commercial	250.70
110221013	14 April 2014	commercial	365.70
110221011	14 April 2014	commercial	512.65
110221010	14 April 2014	commercial	201.85
110221079	14 April 2014	commercial	502.81
110221078	14 April 2014	commercial	201.85
110221077	14 April 2014	commercial	216.68
110221076	14 April 2014	commercial	249.38
110221075	14 April 2014	commercial	216.68
110221074	14 April 2014	commercial	249.38
110221072	14 April 2014	commercial	216.68
110221069	14 April 2014	commercial	249.38
110221068	14 April 2014	commercial	218.95
110221067	14 April 2014	commercial	249.38
110221065	14 April 2014	commercial	181.83
110221064	14 April 2014	commercial	147.68
110221063	14 April 2014	commercial	249.38
110221090	15 April 2014	commercial	180.66
110221062	14 April 2014	commercial	249.38
110221061	14 April 2014	commercial	182.72
110221060	14 April 2014	commercial	176.83
110221057	14 April 2014	commercial	365.27
110221080	14 April 2014	commercial	196.71
110221042	14 April 2014	commercial	3,477.94
110221041	14 April 2014	commercial	315.45
110221040	14 April 2014	commercial	207.66
110221038	14 April 2014	commercial	207.66
110221037	14 April 2014	commercial	207.66
110221036	14 April 2014	commercial	207.66
110221035	14 April 2014	commercial	207.66
110221032	14 April 2014	commercial	209.64
110221030	14 April 2014	commercial	213.30
110221029	14 April 2014	commercial	628.33
110221028	14 April 2014	commercial	207.66
110221026	14 April 2014	commercial	105.55
110221025	14 April 2014	commercial	137.97
110221023	14 April 2014	commercial	35.17
110221047	14 April 2014	commercial	127.70
110221045	14 April 2014	commercial	152.48
110221044	14 April 2014	commercial	163.24
110221043	14 April 2014	commercial	281.78
110220851	14 April 2014	commercial	1,179.28
110220850	14 April 2014	commercial	591.23
110220849	14 April 2014	commercial	204.44
110220848	14 April 2014	commercial	251.36
110220847	14 April 2014	commercial	255.48
110220846	14 April 2014	commercial	251.36
110220845	14 April 2014	commercial	254.03

Certificate No.	Issue Date	Building Use	Gross Floor Area (sq m)
110220843	14 April 2014	commercial	251.36
110220840	14 April 2014	commercial	239.08
110220839	14 April 2014	commercial	251.36
110220838	14 April 2014	commercial	239.08
110220837	14 April 2014	commercial	513.86
110220836	14 April 2014	commercial	472.20
110220835	14 April 2014	commercial	188.18
110220832	14 April 2014	commercial	440.20
110220830	14 April 2014	commercial	110.63
110220827	14 April 2014	commercial	252.70
110220824	14 April 2014	commercial	183.76
110220822	14 April 2014	commercial	252.70
110220820	14 April 2014	commercial	252.70
110220817	14 April 2014	commercial	252.70
110220815	14 April 2014	commercial	252.70
110220812	14 April 2014	commercial	252.70
110220811	14 April 2014	commercial	252.80
110220809	14 April 2014	commercial	252.70
110220808	14 April 2014	commercial	217.02
110220807	14 April 2014	commercial	252.70
110220806	14 April 2014	commercial	217.07
110220805	14 April 2014	commercial	256.27
110220804	14 April 2014	commercial	255.26
110220803	14 April 2014	commercial	220.62
110220802	14 April 2014	commercial	112.57
110220799	14 April 2014	commercial	162.29
110220798	14 April 2014	commercial	313.60
110220797	14 April 2014	commercial	162.29
110220796	14 April 2014	commercial	219.78
110220795	14 April 2014	commercial	164.93
110220794	14 April 2014	commercial	164.97
110220793	14 April 2014	commercial	219.04
110220792	14 April 2014	commercial	290.84
110220787	14 April 2014	commercial	182.68
110220786	14 April 2014	commercial	185.79
110220784	14 April 2014	commercial	114.57
110220782	14 April 2014	commercial	301.02
110220780	14 April 2014	commercial	1,455.63
110220777	14 April 2014	commercial	500.46
110220774	14 April 2014	commercial	495.86
110220772	14 April 2014	commercial	558.13
110220770	14 April 2014	commercial	558.13
110220767	14 April 2014	commercial	558.13
110220765	14 April 2014	commercial	495.35
110220763	14 April 2014	commercial	422.06
110220760	14 April 2014	commercial	424.16
110220759	14 April 2014	commercial	577.46
110220757	14 April 2014	commercial	59.13
110220750	14 April 2014	commercial	97.05
110220810	14 April 2014	commercial	938.35
110220785	14 April 2014	commercial	201.20

Certificate No.	Issue Date	Building Use	Gross Floor Area (sq m)
110220783	14 April 2014	commercial	218.80
110220781	14 April 2014	commercial	218.80
110220779	14 April 2014	commercial	218.37
110220778	14 April 2014	commercial	195.24
110220776	14 April 2014	commercial	195.24
110220775	14 April 2014	commercial	449.98
110220773	14 April 2014	commercial	204.22
110220771	14 April 2014	commercial	200.95
110220769	14 April 2014	commercial	185.59
110220768	14 April 2014	commercial	185.59
110220766	14 April 2014	commercial	200.95
110220764	14 April 2014	commercial	200.95
110220762	14 April 2014	commercial	419.70
110220761	14 April 2014	commercial	441.15
110220758	14 April 2014	commercial	218.80
110220844	14 April 2014	commercial	218.80
110220842	14 April 2014	commercial	219.09
110220841	14 April 2014	commercial	200.95
110220834	14 April 2014	commercial	200.95
110220833	14 April 2014	commercial	204.22
110220831	14 April 2014	commercial	279.33
110220829	14 April 2014	commercial	138.52
110220828	14 April 2014	commercial	109.22
110220826	14 April 2014	commercial	109.22
110220825	14 April 2014	commercial	126.62
110220823	14 April 2014	commercial	127.07
110220821	14 April 2014	commercial	129.13
110220819	14 April 2014	commercial	167.94
110220818	14 April 2014	commercial	165.26
110220816	14 April 2014	commercial	165.26
110220814	14 April 2014	commercial	165.26
110220813	14 April 2014	commercial	748.23
Total			<u>52,534.49</u>

- (4) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司) with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2024)0082760	commercial	10 February 2050	104,380.00	commercial	42,796.35

- (5) According to Business Licence No. 91330500554048380U, Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司) was established as a limited liability company with a registered capital of RMB261,598,013.12 for a valid operation period from 06 May 2010 to 12 August 2045.

- (6) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- i. The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
 - ii. All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
 - iii. Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
 - iv. In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Zhejiang Outlets Property Real Estate Co. Ltd. (浙江奥特莱斯置业有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.
- (7) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|----------------|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Real Estate Ownership Certificate | Yes (Portions) |
| Building Ownership Certificate | Yes (Portions) |
- (8) Maggie Sun, Senior Valuer of our Hangzhou Office, inspected the Property on 30 June 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024										
II-2. Zhengzhou Capital Outlets (鄭州奧萊商業), Northeast of intersection of Binhudong Road and Aolai Street, Jiayu Village, Xingyang District, Zhengzhou, Henan Province, the PRC	<p>The Property is a commercial project built on two parcels of land with a total site area of 80,789.84 sq m. The Property was completed in October 2018.</p> <p>The Property has a total gross floor area of 99,413.04 sq m. Details are as follows:</p>	<p>Portions of the Property with a total gross floor area of 38,650.33 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB2,710,000 per month.</p>	<p>RMB666,000,000</p> <p>(RENMINBI SIX HUNDRED SIXTY SIX MILLION)</p> <p>(100% interest attributable to the Group: RMB666,000,000)</p>										
	<table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>82,766.44</td> </tr> <tr> <td>carpark</td> <td>15,512.47</td> </tr> <tr> <td>ancillaries</td> <td><u>1,134.13</u></td> </tr> <tr> <td>Total</td> <td><u>99,413.04</u></td> </tr> </tbody> </table>	Type of Property	Gross Floor Area (sq m)	commercial	82,766.44	carpark	15,512.47	ancillaries	<u>1,134.13</u>	Total	<u>99,413.04</u>		
Type of Property	Gross Floor Area (sq m)												
commercial	82,766.44												
carpark	15,512.47												
ancillaries	<u>1,134.13</u>												
Total	<u>99,413.04</u>												

The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.

The land use rights of the Property have been granted for terms due to expire on 21 May 2056 and 20 April 2057 for commercial use.

Notes:

- (1) According to the Real Estate Ownership Certificates, the title of the Property has been vested in Zhengzhou Juxin Outlets Industrial Co. Ltd. (鄭州鉅信奧萊實業有限公司), a 100% owned subsidiary of the Company, with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2019)0011018	commercial	21 May 2056	62,621.61 shared in common	others	15,512.47
(2019)0011016	commercial	21 May 2056		others	1,134.13
(2019)0011017	commercial	21 May 2056		commercial	82,766.44
(2017)0004273	commercial	20 April 2057	<u>18,168.23</u>	/	/
Total			<u>80,789.84</u>		<u>99,413.04</u>

- (2) According to Business Licence No. 91410100MA3X9FU545, Zhengzhou Juxin Outlets Industrial Co. Ltd. (鄭州鉅信奧萊實業有限公司) was established as a limited liability company with a registered capital of RMB200,000,000 for a valid operation period from 4 May 2016 to 3 May 2046.

- (3) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Zhengzhou Juxin Outlets Industrial Co. Ltd. (鄭州鉅信奧萊實業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Zhengzhou Juxin Outlets Industrial Co. Ltd. (鄭州鉅信奧萊實業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.

- (4) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (5) Chris Qi, Senior Valuer of our Zhengzhou Office, inspected the Property on 19 June 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024								
II-3. Hangzhou Capital Outlets (杭州奧萊商業), Dongzhou Street, Fuyang District, Hangzhou, Zhejiang Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 101,691.00 sq m. The Property was completed in October 2017.</p> <p>The Property has a total gross floor area of 112,271.10 sq m. Details are as follows:</p>	<p>Portions of the Property with a total gross floor area of 33,738.12 sq m are let out whilst the remaining portion is vacant. The parking lots are available for customers. The gross rental income arising is about RMB3,010,000 per month.</p>	<p>RMB878,000,000</p> <p>(RENMINBI EIGHT HUNDRED SEVENTY EIGHT MILLION)</p> <p>(100% interest attributable to the Group: RMB878,000,000)</p>								
	<table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>88,966.52</td> </tr> <tr> <td>carpark (909 units)</td> <td><u>23,304.58</u></td> </tr> <tr> <td>Total</td> <td><u>112,271.10</u></td> </tr> </tbody> </table>	Type of Property	Gross Floor Area (sq m)	commercial	88,966.52	carpark (909 units)	<u>23,304.58</u>	Total	<u>112,271.10</u>		
Type of Property	Gross Floor Area (sq m)										
commercial	88,966.52										
carpark (909 units)	<u>23,304.58</u>										
Total	<u>112,271.10</u>										
	<p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 1 March 2056 for wholesale and retail use.</p>										

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Hangzhou Capital Outlets Commercial Management Co. Ltd. (杭州首創奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	330183(2015)A(21021)
Issue Date	:	30 September 2015
Land Plot No.	:	富政儲出[2015]8號
Site Area	:	101,691.00 sq m
Plot Ratio	:	1.50
Land Use Term	:	wholesale and retail for 40 years
Building Covenant	:	30 September 2020

- (2) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Hangzhou Capital Outlets Commercial Management Co. Ltd. (杭州首創奧特萊斯置業有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2018)0001434	wholesale and retail	1 March 2056	101,691.00	non-residential	112,271.10

- (3) According to Business Licence No. 91330100MA27W76K22, Hangzhou Capital Outlets Commercial Management Co. Ltd. (杭州首創奧特萊斯置業有限公司) was established as a limited liability company with a registered capital of RMB335,000,000 for a valid operation period from 5 November 2015 to 4 November 2045.

- (4) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Hangzhou Capital Outlets Commercial Management Co. Ltd. (杭州首創奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Hangzhou Capital Outlets Commercial Management Co. Ltd. (杭州首創奧特萊斯置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.

- (5) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (6) Maggie Sun, Senior Valuer of our Hangzhou Office, inspected the Property on 30 June 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-4. Chongqing Capital Outlets (重慶奧萊商業), Fulu Road, Banan District, Chongqing, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 74,349.00 sq m. The Property was completed in June 2019.</p> <p>The Property has a total gross floor area of 113,168.86 sq m. Details are as follows:</p>	<p>Portions of the Property with a total leasable area of 39,136.61 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB2,230,000 per month.</p>	<p>RMB708,000,000</p> <p>(RENMINBI SEVEN HUNDRED EIGHT MILLION)</p> <p>(100% interest attributable to the Group: RMB708,000,000)</p>
	Type of Property	Gross Floor Area (sq m)	
	commercial	81,715.20	
	carpark	<u>31,453.66</u>	
	Total	<u>113,168.86</u>	
	<p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for terms due to expire on 30 March 2057 for commercial use.</p>		

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	YD(2017)HZ(BN)59
Issue Date	:	09 May 2017
Land Plot No.	:	BN-4-493
Site Area	:	74,349.00 sq m
Plot Ratio	:	1.30
Land Use Term	:	commercial for 40 years

- (2) Details of the Planning Permit for Construction Use of Land in favour of Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司) are as follows:

Permit No.	Issue Date	Property Name	Site Area (sq m)
500113201700039	16 May 2017	Chongqing Capital Outlets Project	74,349.00

As informed by the Group, the Property constitutes portions of the above permit.

- (3) According to the Planning Permit for Construction Works in favour of Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
500113201700101	15 August 2017	Chongqing Capital Outlets Project	127,645.85

As informed by the Group, the Property constitutes portions of the above permit.

- (4) According to the Permit for Commencement of Construction Works in favour of Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司), the construction works of the Property are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
500113201711020101	2 November 2017	Chongqing Capital Outlets Project	127,645.85

As informed by the Group, the Property constitutes portions of the above permit.

- (5) According to the Completion and Acceptance Certificates in favour of Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司), a total gross floor area of 127,671.92 sq m was completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
[2019]0062	2 July 2019	Chongqing Capital Outlets Project	13,222.91
[2019]0065	17 July 2019	Chongqing Capital Outlets Project	114,449.01
Total			<u>127,671.92</u>

As informed by the Group, the Property constitutes portions of the above certificates.

- (6) According to the Real Estate Ownership Certificates, the title of the Property has been vested in Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)
(2017)000576757	commercial	30 March 2057	38,061.00
(2017)000576574	commercial	30 March 2057	<u>36,288.00</u>
Total			<u>74,349.00</u>

- (7) According to 110 Real Estate Ownership Certificates and the query certificate dated 13 July 2022, the land use rights comprising a total site area of 74,349.00 sq m and the building ownership with a gross floor area of approximately 113,168.86 sq m of the Property have been vested in Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司) for terms of 40 years due to expire on 30 March 2057 for commercial use. As at the Valuation Date, portions of the Property with a total gross floor area of approximately 89,616.27 sq m have been completed with the initial registration process, but have not yet been issued with Real Estate Ownership Certificates.

- (8) According to Business Licence No. 91500113MA5UAEFF4G, Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司) was established as a limited liability company with a registered capital of RMB200,000,000 for a valid operation period from 6 January 2017 to 5 January 2047.

- (9) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property;
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Chongqing Shouju Outlets Real Estate Co. Ltd. (重慶首鉅奧特萊斯置業有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property; and
- (e) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.

- (10) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Completion and Acceptance Certificate	Yes
Real Estate Ownership Certificates	Yes (portion)
Query Certificate	Yes

- (11) Anna Hu, Manager of our Chongqing Office, inspected the Property on 25 October 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-5.	Xi'an Capital Outlets (西安奧萊商業), No. 665 Xiliu Road, Gaoxin District, Xi'an, Shaanxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 81,301.43 sq m. The Property was completed in September 2021.</p> <p>The Property has a total gross floor area of 116,238.82 sq m.</p> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 29 April 2056 for commercial use.</p>	<p>Portions of the Property with a total gross floor area of 45,510.80 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB3,770,000 per month.</p>	<p>RMB818,000,000</p> <p>(RENMINBI EIGHT HUNDRED EIGHTEEN MILLION)</p> <p>(100% interest attributable to the Group: RMB818,000,000)</p>

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Xi'an Shouju Commercial Development and Management Co. Ltd. (西安首鉅商業開發管理有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	GF-2008-2601-32590
Issue Date	:	20 January 2016
Land Plot No.	:	GX3-38-1
Site Area	:	81,301.40 sq m
Plot Ratio	:	1.0-1.5
Land Use Term	:	commercial for 40 years
Building Covenant	:	28 February 2020

- (2) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Xi'an Shouju Commercial Development and Management Co. Ltd. (西安首鉅商業開發管理有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2022) 0023361	commercial	29 April 2056	81,301.43	commercial	116,238.82

- (3) According to Business Licence No. 91610131MA6TXQK53M, Xi'an Shouju Commercial Development and Management Co. Ltd. (西安首鉅商業開發管理有限公司) was established as a limited liability company with a registered capital of RMB335,000,000 for a valid operation period from 29 March 2016 to 17 March 2056.
- (4) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificate of the property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
 - (c) Xi'an Shouju Commercial Development and Management Co. Ltd. (西安首鉅商業開發管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
 - (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Xi'an Shouju Commercial Development and Management Co. Ltd. (西安首鉅商業開發管理有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.
- (5) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|--|-----|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Right | Yes |
| Real Estate Ownership Certificate | Yes |
- (6) Kiki Yao, Manager of our Xi'an Office, inspected the Property on 13 June 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024										
II-6. Kunming Capital Outlets (昆明奧萊商業), Heilipu Street, Wuhua District, Kunming, Yunnan Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 67,920.95 sq m. The Property was completed in December 2020.</p> <p>The Property has a total gross floor area of 98,631.43 sq m. Details are as follows:</p>	<p>Portions of the Property with a total gross floor area of 53,120.90 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB4,520,000 per month.</p>	<p>RMB880,000,000</p> <p>(RENMINBI EIGHT HUNDRED EIGHTY MILLION)</p> <p>(85% interest attributable to the Group: RMB748,000,000)</p>										
	<table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>82,045.40</td> </tr> <tr> <td>others</td> <td>2,485.74</td> </tr> <tr> <td>carpark</td> <td><u>14,100.29</u></td> </tr> <tr> <td>Total</td> <td><u><u>98,631.43</u></u></td> </tr> </tbody> </table>	Type of Property	Gross Floor Area (sq m)	commercial	82,045.40	others	2,485.74	carpark	<u>14,100.29</u>	Total	<u><u>98,631.43</u></u>		
Type of Property	Gross Floor Area (sq m)												
commercial	82,045.40												
others	2,485.74												
carpark	<u>14,100.29</u>												
Total	<u><u>98,631.43</u></u>												
	<p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for terms due to expire on 26 June 2057 for commercial use.</p>												

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Kunming Capital Outlets Commercial Management Co. Ltd. (昆明首創奧萊商業運營管理有限公司), a 85% owned subsidiary of the Company, with key details as follows:

Contract No.	:	CR53 2017089
Issue Date	:	26 June 2017
Land Plot No.	:	KCWH2016-5-A1
Site Area	:	67,919.88 sq m
Plot Ratio	:	≤1.5
Land Use Term	:	wholesale and retail for 40 years, hotel for 40 years
Building Covenant	:	20 August 2021

- (2) According to 7 Real Estate Ownership Certificates, the title of the Property has been vested in Kunming Capital Outlets Commercial Management Co. Ltd. (昆明首創奧萊商業運營管理有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Floor	Gross Floor Area (sq m)
(2021)0237315	Commercial	2057/6/26	67,920.95	Commercial and Service	1-3F	11,259.94
(2021)0237316	Commercial	2057/6/26	Shared in common	Commercial and Service	1-2F	15,556.91
(2021)0237317	Commercial	2057/6/26		Commercial and Service	1-3F	18,424.92
(2021)0237318	Commercial	2057/6/26		Commercial and Service	1-3F	21,674.13
(2021)0237314	Commercial	2057/6/26		Others	1-2F	15,129.50
(2021)0237321	Commercial	2057/6/26		Car Park	B1	14,100.29
(2021)0237320	Commercial	2057/6/26		Others	B1	2,485.74
Total			<u>67,920.95</u>			<u>98,631.43</u>

- (3) According to Business Licence No. 91530102MA6KMXT432, Kunming Capital Outlets Commercial Management Co. Ltd. (昆明首創奧萊商業運營管理有限公司) was established as a limited liability company with a registered capital of RMB10,000,000 for a valid operation period from 25 May 2017 to 24 May 2057.

- (4) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Kunming Capital Outlets Commercial Management Co. Ltd. (昆明首創奧萊商業運營管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Kunming Capital Outlets Commercial Management Co. Ltd. (昆明首創奧萊商業運營管理有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.

- (5) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificates	Yes

- (6) Jane Wang, Senior Valuer of our Chengdu Office, inspected the Property on 1 November 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024										
II-7. Beijing China Railway Construction Plaza (北京中國鐵建廣場), Beiyuandong Road, Chaoyang District, Beijing, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 58,020.17 sq m. The Property was completed in October 2014.</p> <p>The Property has a total gross floor area of 29,266.48 sq m. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>3,463.21</td> </tr> <tr> <td>office</td> <td>22,317.74</td> </tr> <tr> <td>garage</td> <td><u>3,485.53</u></td> </tr> <tr> <td>Total</td> <td><u><u>29,266.48</u></u></td> </tr> </tbody> </table> <p>The locality of the Property is characterised by a mixture of commercial and office developments of various ages.</p> <p>The land use rights of the Property have been granted for terms due to expire on 31 March 2048 for commercial use, on 31 March 2058 for office use and on 31 March 2058 for car park use.</p>	Type of Property	Gross Floor Area (sq m)	commercial	3,463.21	office	22,317.74	garage	<u>3,485.53</u>	Total	<u><u>29,266.48</u></u>	<p>Portions of the Property with a total gross floor area of 20,324.45 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB2,700,000 per month.</p>	<p>RMB869,000,000</p> <p>(RENMINBI EIGHT HUNDRED SIXTY NINE MILLION)</p> <p>(50% interest attributable to the Group: RMB434,500,000)</p>
Type of Property	Gross Floor Area (sq m)												
commercial	3,463.21												
office	22,317.74												
garage	<u>3,485.53</u>												
Total	<u><u>29,266.48</u></u>												

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Beijing Xige Property Management Co. Ltd. (北京錫閣物業管理有限公司), a 50% owned subsidiary of the Company, with key details as follows:

Contract No.	:	2008-0125
Issue Date	:	14 December 2011
Land Plot No.	:	1-10
Site Area	:	58,020.165 sq m
Plot Ratio	:	4.5
Land Use Term	:	Commercial for 40 years, office and carpark for 50 years.
Building Covenant	:	31 July 2010

As informed by the Group, the Property constitutes portion of the above contract.

- (2) According to 370 Real Estate Ownership Certificates, the land use rights comprising a total site area of 58,020.17 sq m and the building ownership with a gross floor area of approximately 29,266.48 sq m of the Property have been vested in Beijing Xige Property Management Co. Ltd. (北京錫閣物業管理有限公司).
- (3) According to Business Licence No. 91110105MA01E4MJ0L, Beijing Xige Property Management Co. Ltd. (北京錫閣物業管理有限公司) was established as a limited liability company with a registered capital of RMB420,000,000 for a valid operation period from 15 August 2018 to 14 August 2048.
- (4) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificates of the Property are valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Beijing Xige Property Management Co. Ltd. (北京錫閣物業管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
- (d) In addition to the agreement with clear conditions and restrictions on the Property and the existence of other rights obtained in the Real Estate Ownership Certificate and the Grant Contract of State-owned Land Use Rights, Beijing Xige Property Management Co. Ltd. (北京錫閣物業管理有限公司) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the Property.
- (5) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (6) Terry Xiu, Valuer of our Beijing Office, inspected the Property on 28 July 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-8. Fangshan Capital Outlets (房山奧萊商業), No. 6 Yuesheng Road, Changyang Village, Fangshan District, Beijing, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 90,765.58 sq m. Phase I of the Property was completed in October 2012 and phase II was completed in September 2024.</p> <p>The Property has a total gross floor area of 175,510.08 sq m.</p> <p>The locality of the Property is characterised by an emerging district of residential developments.</p> <p>The land use rights of the Property have been granted for a term expires on 5 April 2050 for commercial and financial uses.</p>	<p>Portions of the Property with a total leasable area of 80,380.73 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB23,000,000 per month.</p>	<p>N/A (100% interest attributable to the Group: N/A)</p>

Notes:

- (1) According to the Grant Contract of Land Use Rights and Supplementary agreement, the Property is subject to sales restrictions and shall not be sold or transferred until 5 April 2050. Therefore, market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB3,228,000,000 (100% interest attributable to the Group RMB3,228,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property has been contracted to be granted to Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	2010-0082
Issue Date	:	06 April 2010
Land Plot No.	:	03-03-03, 03-04-01,03-04-02,03-04-03
Site Area	:	181,824.66 sq m
Plot Ratio	:	1.5-2
Land Use Term	:	residential for 70 years, commercial and financial for 40 years

As informed by the Group, the Property constitutes portions of the above contract.

- (3) According to the Certificate for the Use of State-owned Land, the land use rights of the Property have been vested in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司), with details as follows:

Certificate No.	Issue Date	Land Use	Expiry Date	Site Area (sq m)
2010-00099	20 October 2010	commercial and financial	5 April 2050	90,765.58

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

Certificate No.	Issue Date	Building Use	Gross Floor Area (sq m)
X081385	20 February 2013	commercial	40,405.10
X082276	7 March 2013	commercial, carpark and ancillaries	54,781.32
X082277	7 March 2013	commercial	13,229.55
Total			<u>108,415.97</u>

- (5) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2024)0025084	commercial	5 April 2050	90,765.58	Commercial, shared in carpark and ancillaries	67,094.11

- (6) According to Business Licence No. 91110000553111480L, Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) was established as a limited liability company with a registered capital of RMB867,134,905 for a valid operation period from 21 May 2010 to 20 May 2050.

- (7) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificate of the property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
 - (c) Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.
- (8) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|--|----------------|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Right | Yes |
| Certificate for the use of State-owned Land | Yes |
| Building Ownership Certificate | Yes (Portions) |
| Real Estate Ownership Certificate | Yes (Portions) |
- (9) Terry Xiu, Valuer of Cushman & Wakefield Beijing Office, inspected the Property on 08 August 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-9.	Kunshan Capital Outlets Project Phase I (昆山南地塊商業), No. 501 Dongcheng Street, Kaifa District, Kunshan, Jiangsu Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 45,847.51 sq m. The Property was completed in June 2015.</p> <p>The Property has a total gross floor area of 49,361.86 sq m.</p> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 26 January 2053 for commercial use.</p>	Portions of the Property with a total leasable area of 20,871.16 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB1,670,000 per month.	N/A (100% interest attributable to the Group: N/A)

Notes:

- (1) According to the Real Estate Certificate, the Property is subject to sales restrictions and shall not be sold until 26 January 2053, therefore market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB581,000,000 (100% interest attributable to the Group RMB581,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Capital Outlets (Kunshan) Commercial Development Co. Ltd. (首創奧特萊斯(昆山)商業開發有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	3205832012CR0142
Issue Date	:	27 January 2013
Land Plot No.	:	1
Site Area	:	183,988.1 sq m
Plot Ratio	:	1.7-2.2 (Aboveground part)
Land Use Term	:	Commercial for 40 years and residential for 70 years

As informed by the Group, the Property constitutes portions of the above contract.

- (3) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Capital Outlets (Kunshan) Commercial Development Co. Ltd. (首創奧特萊斯(昆山)商業開發有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2017) 0092169	commercial	26 January 2053	45,847.51	commercial	49,361.86

- (4) According to Business Licence No. 91320583063213716X, Capital Outlets (Kunshan) Commercial Development Co. Ltd. (首創奧特萊斯(昆山)商業開發有限公司) was established as a limited liability company with a registered capital of RMB100,000,000 for a valid operation period from 26 February 2013 to 25 February 2053.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
- (c) Capital Outlets (Kunshan) Commercial Development Co. Ltd. (首創奧特萊斯(昆山)商業開發有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.

- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Rights	Yes
Real Estate Ownership Certificate	Yes

- (7) Jun Wang, Manager of our Shanghai Office, inspected the Property on 24 October 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-10.	Kunshan Capital Outlets Project Phase II (昆山中地塊商業), No. 501 Dongcheng Street, Kaifa District, Kunshan, Jiangsu Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 46,257.03 sq m. The Property was completed in December 2016.</p> <p>The Property has a total gross floor area of 48,871.46 sq m. Details are as follows:</p>	Portions of the Property with a total leasable area of 23,104.43 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB1,360,000 per month.	N/A (100% interest attributable to the Group: N/A)

Type of Property	Gross Floor Area (sq m)
commercial	48,628.00
storage	<u>243.46</u>
Total	<u>48,871.46</u>

The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.

The land use rights of the Property have been granted for a term due to expire on 26 January 2053 for commercial use.

Notes:

- (1) According to the Real Estate Certificate, the Property is subject to sales restrictions and shall not be sold until 26 January 2053, therefore market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB522,000,000 (100% interest attributable to the Group RMB522,000,000).

- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	3205832012CR0141
Issue Date	:	27 January 2013
Land Plot No.	:	1
Site Area	:	156,521.9 sq m
Plot Ratio	:	1.7-2.2 (Aboveground part)
Land Use Term	:	Commercial for 40 years and residential for 70 years

As informed by the Group, the Property constitutes portions of the above contract.

- (3) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2017)0058449	commercial	26 January 2053	46,257.03	commercial	48,871.46

- (4) According to Business Licence No. 91320583064502050N, Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司) was established as a limited liability company with a registered capital of RMB100,000,000 for a valid operation period from 18 March 2013 to 17 March 2053.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
- (c) Capital Dongxing (Kunshan) Commercial Development Co. Ltd. (首創東興(昆山)商業開發有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.

- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (7) Jun Wang, Manager of our Shanghai Office, inspected the Property on 24 October 2024.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024										
II-11. Hefei Capital Outlets (合肥奧萊商業), Zhujiang Road, Binhu District, Heifei, Anhui Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 87,910.26 sq m. The Property was completed in September 2018.</p> <p>The Property has a total gross floor area of 94,744.08 sq m. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>71,265.54</td> </tr> <tr> <td>carpark (1,159 units)</td> <td>21,780.65</td> </tr> <tr> <td>others</td> <td><u>1,697.89</u></td> </tr> <tr> <td>Total</td> <td><u>94,744.08</u></td> </tr> </tbody> </table> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 25 September 2056 for commercial use.</p>	Type of Property	Gross Floor Area (sq m)	commercial	71,265.54	carpark (1,159 units)	21,780.65	others	<u>1,697.89</u>	Total	<u>94,744.08</u>	<p>Portions of the Property with a total gross floor area of 41,481.80 sq m are let out whilst the remaining portion is vacant. The parking lots are available for customers. The gross rental income arising is about RMB2,760,000 per month.</p>	<p>N/A</p> <p>(100% interest attributable to the Group: N/A)</p>
Type of Property	Gross Floor Area (sq m)												
commercial	71,265.54												
carpark (1,159 units)	21,780.65												
others	<u>1,697.89</u>												
Total	<u>94,744.08</u>												

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and the Real Estate Certificate, the Property is subject to sales restrictions and shall not be sold until 25 September 2056, therefore market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB698,000,000 (100% interest attributable to the Group RMB698,000,000).

- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Hefei Chuangju Outlets Commercial Management Co. Ltd. (合肥創鉅奧萊商業管理有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	HDBHJY [2016] 126
Issue Date	:	26 August 2016
Land Plot No.	:	BH2016-04
Site Area	:	93,243.59 sq m
Plot Ratio	:	Plot A ≤1.1; Plot B ≤4.0
Land Use Term	:	40 years

- (3) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Hefei Chuangju Outlets Commercial Management Co. Ltd. (合肥創鉅奧萊商業管理有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2019)10133048	commercial	25 September 2056	87,910.26	commercial	94,744.09

- (4) According to Business Licence No. 91340100MA2N0DJ916, Hefei Chuangju Outlets Commercial Management Co. Ltd. (合肥創鉅奧萊商業管理有限公司) was established as a limited liability company with a registered capital of RMB280,000,000 for a valid operation period from 2 September 2016 to 1 September 2046.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
- Hefei Chuangju Outlets Commercial Management Co. Ltd. (合肥創鉅奧萊商業管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.

- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Rights	Yes
Real Estate Ownership Certificate	Yes

- (7) Wynne Wang, Assistant Manager of our Shanghai Office, inspected the Property on 18 June 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024								
II-12.	Nanchang Capital Outlets (南昌奧萊商業), Mingfan Road, Xinjian District, Nanchang, Jiangxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 56,833.33 sq m. The Property was completed in November 2017.</p> <p>The Property has a total gross floor area of 123,794.35 sq m. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Type of Property</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>commercial</td> <td>79,337.65</td> </tr> <tr> <td>carpark (962 units)</td> <td><u>44,456.70</u></td> </tr> <tr> <td>Total</td> <td><u>123,794.35</u></td> </tr> </tbody> </table>	Type of Property	Gross Floor Area (sq m)	commercial	79,337.65	carpark (962 units)	<u>44,456.70</u>	Total	<u>123,794.35</u>	Portions of the commercial Property with a total leasable area of 21,791.67 sq m are let out whilst the remaining portion is vacant. The parking lots are available for customers. The gross rental income arising is about RMB670,000 per month.	N/A (100% interest attributable to the Group: N/A)
Type of Property	Gross Floor Area (sq m)											
commercial	79,337.65											
carpark (962 units)	<u>44,456.70</u>											
Total	<u>123,794.35</u>											
		<p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 22 August 2055 for commercial and finance uses.</p>										

Notes:

- (1) According to the Grant Contract of Land Use Rights, the Property is subject to sales restrictions and shall not be sold until 22 August 2055, therefore market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB698,000,000 (100% interest attributable to the Group RMB698,000,000).

- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	36201501060014
Issue Date	:	23 July 2015
Land Plot No.	:	DAK2015014
Site Area	:	86,986.67 sq m
Plot Ratio	:	1-1.5
Land Use Term	:	commercial and finance for 40 years
Building Covenant	:	23 July 2018

As informed by the Group, the Property constitutes portions of the above contract.

- (3) Details of the Planning Permit for Construction Use of Land in favour of Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司) are as follows:

Permit No.	Issue Date	Property Name	Site Area (mu)
360122201610002	18 March 2016	Outlets commercial complex, cinema and supermarket project	85.25

- (4) According to the Planning Permits for Construction Works in favour of Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司), the construction works of the development project are in compliance with the construction works requirements and have been approved with details as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
36012220160000041- 36012220160000050	13 April 2016	Outlets commercial complex basement	129,698.23

- (5) According to the Permit for Commencement of Construction Works in favour of Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司), the construction works of the Property are in compliance with the requirements for works commencement and have been permitted. Details are as follows:

Permit No.	Issue Date	Property Name	Gross Floor Area (sq m)
360122201606280101	28 June 2016	Capital outlets commercial complex 1#-9# building and basement	129,628.23

- (6) According to the Completion and Acceptance Certificate in favour of Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司), the Property has been completed. Details are as follows:

Certificate No.	Issue Date	Property Name	Gross Floor Area (sq m)
(2017)162 – (2017)171	16 November 2017	Outlets commercial complex basement	129,698.23

- (7) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2019)0002499	commercial and financial land/commercial, financial, information	22 August 2055	56,833.33	commercial complex	79,337.65

As informed by the Group, the Property constitutes portions of the above certificate.

- (8) According to Business Licence No. 91360100336423525G, Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司) was established as a limited liability company with a registered capital of RMB459,000,000 for a valid operation period from 11 August 2015 to 10 August 2065.

- (9) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
- (c) Jiangxi Capital Outlets Real Estate Co. Ltd. (江西首創奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property; and
- (d) For premises that have not obtained the Real Estate Ownership Certificate, given that the project company has obtained the state-owned land use right of the land on which the project is located, there should be no major legal obstacles for the project company to obtain the Building Ownership Certificate of the Property after completing the registration procedures for the completion acceptance and obtaining the building survey report.

- (10) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Completion and Acceptance Certificate	Yes
Real Estate Ownership Certificate	Yes (Portions)

- (11) Wenhao Mo, Senior Valuer of our Shenzhen Office, inspected the Property on 17 June 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-13.	Portion of shops in Nanchang outlets-B plot (南昌首創奧特萊斯購物中心-B地塊部份商鋪), Shandan Road, Xinjian District, Nanchang, Jiangxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 30,153.33 sq m. The Property was completed in July 2018.</p> <p>The Property has a total gross floor area of 13,994.41 sq m.</p> <p>The land use rights of the Property have been granted for a term due to expire on 22 August 2055 for commercial and finance uses.</p>	Portions of the Property with a total leasable area of 5,673.91 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB40,000 per month.	N/A (40% interest attributable to the Group: N/A)

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights and the Real Estate Certificate, the Property is subject to sales restrictions and shall not be sold until 22 August 2055, therefore market value is not applicable. Our valuation is on investment value basis. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB75,000,000 (40% interest attributable to the Group RMB30,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Nanchang Huachuang Xinghong Real Estate Co. Ltd. (南昌華創興洪置業有限公司), a 40% owned subsidiary of the Company, with key details as follows:

Contract No.	:	NCGSHC-CW-0001
Land Plot No.	:	DAK2015014B
Site Area	:	30,153.33 sq m
Land Use Term	:	40 years

As informed by the Group, the Property constitutes portions of the above contract.

- (3) According to the Real Estate Ownership Certificates, the title of the Property has been vested in Nanchang Huachuang Xinghong Real Estate Co. Ltd. (南昌華創興洪置業有限公司), with details as follows

No.	Certificate No.	Land Use	Floor	Gross Floor Area (sq m)	Building Use
1	(2019) 0014051	Cinema, Building 5, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	3	5,673.91	Others
2	(2019) 0014052	Basement, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	-1	7,706.36	Commercial, Finance, Information
3	(2019) 0014050	302, Building 3, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	3	93.79	Others
4	(2019) 0014058	107, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	89.36	Commercial, Finance, Information
5	(2019) 0014057	108, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	86.74	Commercial, Finance, Information
6	(2019) 0014056	109, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	89.35	Commercial, Finance, Information
7	(2019) 0014055	110, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	86.76	Commercial, Finance, Information
8	(2019) 0014054	111, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	89.32	Commercial, Finance, Information
9	(2019) 0014053	112, Building 4, (Capital Commercial Center) No. 199 Shandan Road, Xinjian District, Nanchang	1-2	78.83	Commercial, Finance, Information
				Total	13,994.41

- (4) According to Business Licence, Nanchang Huachuang Xinghong Real Estate Co. Ltd. (南昌華創興洪置業有限公司) was established as a limited liability company with a registered capital of RMB50,000,000 for a valid operation period from 19 April 2016 to long-term.
- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information :
- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
 - (c) Nanchang Huachuang Xinghong Real Estate Co. Ltd. (南昌華創興洪置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.
- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows :
- | | |
|--|-----|
| Grant Contract of State-owned Land Use Right | Yes |
| Real Estate Ownership Certificate | Yes |
| Business Licence | Yes |
- (7) Wenhao Mo, Senior Valuer of our Shenzhen Office, inspected the Property on 17 June 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-14.	Nanning Capital Outlets (南寧奧萊商業), No. 406 Kunlun Avenue, Xingning District, Nanning, Guangxi Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 101,973.59 sq m. The Property was completed in May 2021.</p> <p>The Property has a total gross floor area of 142,839.82 sq m.</p> <p>The locality of the Property is characterised by an emerging district of residential buildings and civic centres.</p> <p>The land use rights of the Property have been granted for terms due to expire on 14 September 2058 for accommodation and catering, wholesale and retail uses, and 14 September 2068 for warehousing use.</p>	Portions of the Property with a total gross floor area of 49,922.10 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB2,340,000 per month.	N/A (100% interest attributable to the Group: N/A)

Notes:

- (1) According to the Grant Contract of Land Use Rights, the Property is subject to sales restrictions and shall not be sold and transferred until 14 September 2068. Therefore, market value is not applicable to such portions. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB1,039,000,000 (100% interests attributable to the Group is RMB1,039,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Nanning Juda Outlets Real Estate Co. Ltd. (南寧鉅大奧特萊斯置業有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	2018021
Issue Date	:	19 July 2018
Land Plot No.	:	450102101201GB00067
Site Area	:	101,973.59 sq m
Plot Ratio	:	> 1.0, ≤ 1.5
Land Use Term	:	wholesale and retail for 40 years, accommodation and catering for 40 years, warehousing use for 50 years
Building Covenant	:	15 October 2022

- (3) According to nine Real Estate Ownership Certificates, the title of the Property has been vested in Nanning Juda Outlets Real Estate Co. Ltd. (南寧鉅大奧特萊斯置業有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2022) 0208273	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	12,181.58
(2022) 0220823	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	4,244.16
(2022) 0220824	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	32,359.57
(2022) 0220825	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	8,478.98
(2022) 0220826	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	9,753.82
(2022) 0208272	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	8,519.05
(2022) 0208274	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	9,796.00
(2022) 0220822	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	36,845.29
(2022) 0220827	wholesale and retail, accommodation and catering, logistics and warehousing	14 September 2058, 14 September 2068	101,973.59	comprehensive	20,661.37
			Total		142,839.82

- (4) According to Business Licence No. 91450102MA5NAA0X9F, Nanning Juda Outlets Real Estate Co. Ltd. (南寧鉅大奧特萊斯置業有限公司) was established as a limited liability company with a registered capital of RMB350,000,000 for a valid operation period from 16 July 2018 to long term.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:
- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
 - (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
 - (c) Nanning Juda Outlets Real Estate Co. Ltd. (南寧鉅大奧特萊斯置業有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.
- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:
- | | |
|--|-----|
| Business Licence | Yes |
| Grant Contract of State-owned Land Use Right | Yes |
| Real Estate Ownership Certificates | Yes |
- (7) Summer Gan, Senior Manager of our Nanning Office, inspected the Property on 14 June 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-15.	Qingdao Capital Outlets (青島奧萊商業), No. 308 Huoju Road, High-tech District, Qingdao, Shandong Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 93,972.10 sq m. The Property was completed in August 2022.</p> <p>The Property has a total gross floor area of 95,329.43 sq m.</p> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 19 June 2058 for wholesale and retail uses.</p>	<p>Portions of the Property with a total gross floor area of 33,408.26 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB1,960,000 per month.</p>	<p>N/A</p> <p>(100% interest attributable to the Group: N/A)</p>

Notes:

- (1) According to the Grant Contract of Land Use Rights, the Property is subject to sales restrictions and shall not be sold and transferred until 19 June 2058. Therefore, market value is not applicable to such portions. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB868,000,000 (100% interests attributable to the Group is RMB868,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights, the land use rights of the Property have been contracted to be granted to Qingdao Juda Outlets Commercial Management Co. Ltd. (青島鉅大奧萊商業管理有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	Qingdao-01-2018-4021
Issue Date	:	23 May 2018
Land Plot No.	:	370214005030GB00250
Site Area	:	93,972.10 sq m
Plot Ratio	:	≤1.0
Land Use Term	:	40 years

- (3) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Qingdao Juda Outlets Commercial Management Co. Ltd. (青島鉅大奧萊商業管理有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2024)0054844	retail and commercial	19 June 2058	93,972.10	commercial	95,329.43

- (4) According to Business Licence No. 91370222MA3N2L5DXW, Qingdao Juda Outlets Commercial Management Co. Ltd. (青島鉅大奧萊商業管理有限公司) was established as a limited liability company with a registered capital of RMB210,000,000 for a valid operation period from 3 May 2018 to 2 May 2048.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
- (c) Qingdao Juda Outlets Commercial Management Co. Ltd. (青島鉅大奧萊商業管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.

- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (7) Winnie Zhang, Assistant Valuer of our Qingdao Office, inspected the Property on 17 June 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
II-16.	Xiamen Capital Outlets (廈門奧萊商業), Nos. 851-863 Xinao Road, Xiang'an District, Xiamen, Fujian Province, the PRC	<p>The Property is a commercial project built on a parcel of land with a total site area of 55,656.80 sq m. The Property was completed in October 2022.</p> <p>The Property has a total gross floor area of 123,612.04 sq m.</p> <p>The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the Property have been granted for a term due to expire on 12 December 2058 for commercial use.</p>	<p>Portions of the Property with a total gross floor area of 30,621.91 sq m are let out whilst the remaining portion is vacant. The gross rental income arising is about RMB1,005,000 per month.</p>	<p>N/A</p> <p>(100% interest attributable to the Group: N/A)</p>

Notes:

- (1) According to the Grant Contract of Land Use Rights, the Property is subject to sales restrictions and shall not be sold and transferred until 12 December 2058. Therefore, market value is not applicable to such portions. For the Group's management reference, the investment value of the Property as at 31 October 2024 was RMB948,000,000 (100% interests attributable to the Group is RMB948,000,000).
- (2) According to the Grant Contract of State-owned Land Use Rights and supplementary agreement, the land use rights of the Property have been contracted to be granted to Xiamen Juda Outlets Business Management Co. Ltd. (廈門鉅大奧萊商業管理有限公司), a 100% owned subsidiary of the Company, with key details as follows:

Contract No.	:	35021320181213CG047
Issue Date	:	13 December 2018
Land Plot No.	:	X2018P04
Site Area	:	55,656.801 sq m
Plot Ratio	:	≤1.5
Land Use Term	:	40 years

- (3) According to the Real Estate Ownership Certificate, the title of the Property has been vested in Xiamen Juda Outlets Business Management Co. Ltd. (廈門鉅大奧萊商業管理有限公司), with details as follows:

Certificate No.	Land Use	Expiry Date	Site Area (sq m)	Building Use	Gross Floor Area (sq m)
(2023)0052223	commercial	12 December 2058	55,656.80	Commercial, carpark, ancillary facilities	123,612.04

- (4) According to Business Licence No. 91350200MA32BP4K1A, Xiamen Juda Outlets Business Management Co. Ltd. (廈門鉅大奧萊商業管理有限公司) was established as a limited liability company with a registered capital of RMB330,000,000 for a valid operation period from 13 December 2018 to 12 December 2068.

- (5) We have been provided with a legal opinion on the Property prepared by the Legal Adviser dated 13 December 2024, which contains, *inter alia*, the following information:

- (a) The Real Estate Ownership Certificate of the Property is valid and legal under the PRC laws;
- (b) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled; and
- (c) Xiamen Juda Outlets Business Management Co. Ltd. (廈門鉅大奧萊商業管理有限公司) is the sole legal land user of the Property and has obtained the relevant certificate and approval from the government in respect of the construction of the Property.

- (6) According to the information provided to us, the status of title and grant of major approvals and licences are as follows:

Business Licence	Yes
Grant Contract of State-owned Land Use Right	Yes
Real Estate Ownership Certificate	Yes

- (7) Alisa Xu, Senior Valuer of our Xiamen Office, inspected the Property on 24 June 2024.

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the sole director of the Offeror is Mr. Pei Jun, who accepts full responsibility for the accuracy of information contained in this Scheme Document (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of BCCDG comprise Mr. Bi Yong, Ms. Sun Baojie, Mr. Deng Wenbin, Mr. Xu Zhuo, Mr. Yu Xuekui, Ms. Qin Yi, Mr. Mu Zhibin, Mr. Huang Ziquan and Mr. Fan Shubin. The directors of BCCDG jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi and Mr. Zhai Senlin as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Scheme Document (other than the information relating to the Offeror), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$200,000,000 divided into 18,355,918,048 Shares, 738,130,482 Class A Convertible Preference Shares and 905,951,470 Class B Convertible Preference Shares, and the Company has 1,161,584,249 Shares, 166,976,636 Class A Convertible Preference Shares and 905,951,470 Class B Convertible Preference Shares in issue;
- (b) the Company has in issue Perpetual CB Securities in the aggregate principal amount of HK\$657,594,260 which are convertible into an aggregate of 313,140,124 Shares;

- (c) all of the Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
- (d) save and except for (i) the issuance of 105,651,840 Shares pursuant to the conversion of Perpetual CB Securities with face value of HK\$221,868,864 by KKR CG Judo Outlets on 3 June 2024; and (ii) the issuance of 94,393,947 Shares pursuant to the conversion of Perpetual CB Securities with face value of HK\$198,227,289 by Unichow on 14 November 2024, no Shares had been issued by the Company since 31 December 2023 (being the end of the last financial year of the Company); and
- (e) save as disclosed above, the Company does not have any outstanding options, warrants or conversion rights affecting Shares in the Company or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share HK\$
30 April 2024	0.122
31 May 2024	0.40
28 June 2024	0.41
31 July 2024	0.56
30 August 2024	0.60
30 September 2024	0.58
16 October 2024 (Last Trading Day)	0.58
28 October 2024 (Announcement Date)	0.58
31 October 2024	0.72
29 November 2024	0.79
13 December 2024 (Latest Practicable Date)	0.82

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.82 on 11 December 2024, 12 December 2024, 13 December 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.114 on 2 May 2024.

4. DISCLOSURE OF INTERESTS

4.1 Directors' interests and short positions in the Shares and shares in the Company's associated corporations

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of 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 which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code.

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, other than Mr. Wang Hao and Ms. Qin Yi whom holds certain positions in Capital Group and/or BCCDG and Mr. Zhai Senlin who holds certain positions in Sino-Ocean Group Holding Limited and/or its subsidiaries, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

4.2 Interests and short positions of the Offeror, the Offeror Concert Parties and other substantial Shareholders in the Shares

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company (%)	Number of ordinary shares can be converted from Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS at initial conversion price of HK\$2.10 per share	Total Interest	Percentage of total interests to total issued shares
BECL Investment Holding Limited	Beneficial owner	701,353,846	60.38%	1,072,928,106 ^(Note 4)	1,774,281,952	152.75%
Beijing Capital Land Co., Ltd. ("BCL")	Interests of controlled corporation ^(Note 1)	701,353,846	60.38%	1,072,928,106 ^(Note 4)	1,774,281,952	152.75%
BCCDG	Interests of controlled corporation ^(Note 1)	701,353,846	60.38%	1,072,928,106 ^(Note 4)	1,774,281,952	152.75%
BCG Chinastar	Beneficial owner	19,800,000	1.70%	—	19,800,000	1.70%
Capital Group	Interests of controlled corporation ^(Note 2)	721,153,846	62.08%	1,072,928,106 ^(Note 4)	1,794,081,952	154.45%
Smart Win ^(Note 5)	Beneficial owner	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Joy Orient Investments Limited ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Novel Hero Global Limited ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Sino-Ocean Land (Hong Kong) Limited ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Faith Ocean International Limited ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Shine Wind Development Limited ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company (%)	Number of ordinary shares can be converted	Total Interest	Percentage of total interests to total issued shares
				from Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS at initial conversion price of HK\$2.10 per share		
Sino-Ocean Group Holding Limited (Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
So Man Chun (in the capacity as the Receiver) ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Wan Hiu Yeung (in the capacity as the Receiver) ^(Note 5)	Interests of controlled corporation ^(Note 3)	95,192,308	8.20%	313,140,124	408,332,432	35.15%
Unichow Capital Co., Ltd.	Beneficial owner	94,393,947	8.13%	—	94,393,947	8.13%
Zhou Feng	Interests of controlled corporation ^(Note 6)	94,393,947	8.13%	—	94,393,947	8.13%

Notes:

- (1) Total interests in 1,774,281,952 shares were deemed to be the corporation interest under the SFO.
- (2) Total interests in 1,794,081,952 shares were deemed to be the corporation interest under the SFO.
- (3) Total interests in 408,332,432 shares were deemed to be the corporation interest under the SFO.
- (4) On 19 December 2016, the Company issued 905,951,470 Class B Convertible Preference Shares to BECL pursuant to the Class B Convertible Preference Share Subscription Agreement. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into ordinary shares.
- (5) Based on the disclosure of interest filing form dated 3 June 2024, Smart Win is an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited. Based on two disclosure of filing forms dated 10 October 2024, Mr. So Man Chun and Mr. Wan Hiu Yeung have been appointed as the joint and several receivers of the entire issued share capital of Smart Win. Based on the information available to the Offeror as at the Latest Practicable Date, the joint and several receivers of the entire issued share capital of Smart Win are entitled to control the exercise of the voting rights in the Shares held by Smart Win through director(s) of Smart Win nominated by the joint and several receivers (subject to such directors' duties) as at the Latest Practicable Date.
- (6) Total interests in 94,393,947 shares were deemed to be the corporation interest under the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no person who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date, save for the existing shareholding of the Offeror and the Offeror Concert Parties as set out in the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, none of the Offeror, its sole director or the Offeror Concert Parties had any interest in, owned, controlled or had any directions over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

4.3 Dealings in the securities of the Company

(a) During the Relevant Period:

- (i) save for the dealings in the Shares by any member of the CICC group which are conducted on a non-discretionary basis for and on behalf of its clients, none of the Offeror, its sole director or the Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (iii) other than the Unichow Irrevocable Undertaking, no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or the Offeror Concert Parties. Other than (i) the acquisition of Perpetual CB Securities in the principal amount of HK\$198,227,289 from KKR CG Judo Outlets for a total consideration of US\$2,779,847.35 which was completed on 29 July 2024; and (ii) the Unichow Irrevocable Undertaking and the conversion of the Perpetual CB Securities in the principal amount of HK\$198,227,289 into 94,393,947 Shares at a conversion price of HK\$2.1 per Share by Unichow in accordance with the Unichow Irrevocable Undertaking on 14 November 2024, Unichow had not dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares.

- (b) During the Offer Period and up to the Latest Practicable Date:
- (i) save for the dealings in the Shares by any member of the CICC group which are conducted on a non-discretionary basis for and on behalf of its clients, no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
 - (ii) other than the Unichow Irrevocable Undertaking and the conversion of Perpetual CB Securities into Shares thereunder as set out in paragraph 4.3(a)(iii) above, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, has dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of any Shares; and
 - (iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had any dealings in any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

4.4 Interest and dealings in the securities of the Offeror

- (a) As at the Latest Practicable Date, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.
- (b) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

4.5 Other interests

As at the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a person who is presumed to be acting

in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);

- (b) no Shares, convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company; and
- (c) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4.6 Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) other than the Unichow Irrevocable Undertaking, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between any person and (A) the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties;
- (b) there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (c) no benefit would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal;
- (d) there was no agreement, arrangement or understanding (including any compensation) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (e) other than the Proposal, the Scheme, the Perpetual CB Securities Offer, and the Unichow Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or the Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposal;
- (f) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired in pursuance of the Proposal;

- (g) other than the Unichow Irrevocable Undertaking, there was no arrangement (whether by way of option, indemnity or otherwise), in relation to the Shares or the shares of the Offeror and any of the Offeror Concert Parties between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal;
- (h) other than the Unichow Irrevocable Undertaking, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (i) none of the Directors hold any beneficial shareholding in the Shares or Perpetual CB Securities which would entitle them to vote in favour or against the Scheme at the Court Meeting or the resolutions proposed at the EGM and/or accept or reject the Perpetual CB Securities Offer;
- (j) other than the Unichow Irrevocable Undertaking, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment from any Disinterested Shareholder to vote for or against the Scheme, or from any Perpetual CB Securities Holder to accept or not accept the Perpetual CB Securities Offer. Save as disclosed in the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, Unichow did not own or control any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (k) other than the Cancellation Price for each Scheme Share payable under the Scheme and the offer price for the Perpetual CB Securities payable under the Perpetual CB Securities Offer, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in connection with the cancellation of the Scheme Shares or the acquisition of the Perpetual CB Securities under the Perpetual CB Securities Offer; and
- (l) there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (x) the Offeror and the Offeror Concert Parties, or (y) the Company or the Company’s subsidiaries or associated companies.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against any member of the Group.

6. MATERIAL CONTRACTS

On 10 July 2023, (a) Beijing Hengsheng Huaxing Investment Management Co., Ltd.* (北京恒盛華星投資管理有限公司) (“**Vendor A**”) and Shanghai Jue Investment Management Co., Limited* (上海鉅睿投資管理有限公司) (“**Vendor B**”) (both being wholly-owned subsidiaries of the Company) entered into the equity and debt transfer agreement with Jinan Commercial Management Co., Ltd.* (濟南首城商業管理有限公司) (“**Purchaser A**”) and Jinan Shouju Real Estate Ltd.* (濟南首鉅置業有限公司) (“**Target Company A**”), pursuant to which Vendor A and Vendor B conditionally agreed to sell, and Purchaser A conditionally agreed to buy, the entire equity interest of Target Company A at the consideration of RMB808,517,600, which was subject to the final appraised value and the SASAC approval procedures, and Purchaser A also agreed to acquire the shareholder’s loans owed by Target Company A to the Group on the completion date (estimated to be approximately RMB157,092,800 in aggregate as of the date of the equity transfer agreement); and (b) Vendor B and Capital Juda Outlets Development Limited (首創鉅大奧萊發展有限公司) (“**Vendor C**”) (both being wholly-owned subsidiaries of the Company) entered into the equity and debt transfer agreement with Wuhan Commercial Management Co., Ltd.* (武漢市首城商業管理有限公司) (“**Purchaser B**”) and Wuhan Capital Juda Outlets Business Management Limited* (武漢首創鉅大奧萊商業管理有限公司) (“**Target Company B**”), pursuant to which Vendor B and Vendor C conditionally agreed to sell, and Purchaser B conditionally agreed to buy, the entire equity interest of Target Company B at the consideration of RMB693,601,200, which was subject to the final appraised value and the SASAC approval procedures, and Purchaser B also agreed to acquire the shareholder’s loans owed by Target Company B to the Group as at the date when the equity transfer agreement becomes effective (estimated to be approximately RMB327,053,500 in aggregate as of the date of the equity transfer agreement). Target Company A and Target Company B holds the Jinan Capital Outlets and Wuhan Capital Outlets, respectively, in the PRC. Immediately upon completion of the relevant transfers in 2023, Target Company A and Target Company B ceased to be subsidiaries of the Company. For further details, please refer to the Company’s announcement dated 10 July 2023.

Save and except as disclosed above, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date.

7. SERVICE CONTRACTS

Save as set out below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

Mr. Xie Hongyi entered into a service contract with the Company for a term from 8 February 2024 to 7 February 2027, pursuant to which his annual remuneration as Chief Executive Officer is RMB1.28 million.

Mr. Fan Shubin entered into a service contract with the Company for a term from 29 October 2024 to 28 October 2027, which is on the same terms as the previous service contract except for the term being for the period from 29 October 2021 to 28 October 2024.

Mr. Wang Hao entered into a service contract with the Company for a term from 21 May 2024 to 20 May 2027, which is on the same terms as the previous service contract except for the previous term from 21 May 2021 to 20 May 2024.

Ms. Qin Yi entered into a service contract with the Company for a term from 5 December 2024 to 4 December 2027, which is on the same terms as the previous service contract except for the previous term from 5 December 2021 to 4 December 2024.

Mr. Zhai Senlin entered into a service contract with the Company for a term from 18 April 2024 to 17 April 2027.

Each of Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo entered into a service contract with the Company for a term from 9 May 2023 to 8 May 2026, pursuant to which each of them is entitled to director's fee of HK\$280,000 per annum.

Save as disclosed above, there is no director's fee or variable remuneration payable to these directors under their respective service contracts.

8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who have been named in this Scheme Document or have given their opinion or advice which are contained in this Scheme Document:

Name	Qualification
CICC	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in connection with the Proposal
Rainbow Capital (HK) Limited	a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser appointed to advise the Independent Board Committee in connection with the Proposal, the Scheme, and the Perpetual CB Securities Offer
Cushman & Wakefield Limited	an independent qualified property valuer

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and references to its name in the form and context in which they are included.

9. MISCELLANEOUS

- (a) The registered office of the Offeror is at 10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.
- (b) The sole director of the Offeror is Mr. Pei Jun.
- (c) The Offeror is ultimately wholly-owned by Capital Group.
- (d) CICC is the financial adviser to the Offeror in relation to the Proposal, and its registered address is at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (e) The principal members of the Offeror Concert Parties are Capital Group and BCCDG.
- (f) The registered office address of Capital Group is situated at #2 Building, No. 21 Chegongzhuang Street, Xicheng District, Beijing, the PRC and of BCCDG is situated at High-End Industries Area, China (Beijing) Pilot Free Trade Zone, 0398, Block D, 12 Yushun Road, Daxing District, Beijing, the PRC. As at the Latest Practicable Date, the directors of Capital Group comprise Mr. Liu Yongzheng, Mr. Bi Yong, Ms. Liu Changfeng, Mr. Gong Yongtao, Mr. Cui Yeguang, Mr. Kan Zhenfang, Mr. Bai Yan, Mr. Wang Wensheng and Mr. You Chun, and the directors of BCCDG comprise Mr. Bi Yong, Ms. Sun Baojie, Mr. Deng Wenbin, Mr. Xu Zhuo, Mr. Yu Xuekui, Ms. Qin Yi, Mr. Mu Zhibin, Mr. Huang Ziquan and Mr. Fan Shubin.
- (g) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (h) The Company's principal place of business in Hong Kong is situated at 10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.
- (i) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (j) The registered office of the Independent Financial Adviser is situated at Office No. 710, 7.F, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the website of the Company at www.bcgrand.com and the website of SFC at www.sfc.hk from the date when this Scheme Document is published until (a) the Effective Date, and (b) the date on which the Scheme is withdrawn or lapses, whichever is earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the articles of association of the Offeror;
- (c) the annual reports containing the audited consolidated financial statements of the Company for the year ended 31 December 2021, 31 December 2022 and 31 December 2023;
- (d) the interim report of the Company for the six months ended 30 June 2024;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the property valuation report from Cushman & Wakefield Limited in respect of the property interests of the Group, the text of which is set out in Appendix II to this Scheme Document;
- (i) the material contracts referred to in the section headed “6. Material Contracts” in this Appendix III;
- (j) the service contracts referred to in the section headed “7. Service Contracts” in this Appendix III;
- (k) the written consents referred to in the section headed “8. Consents and Qualifications of Experts” in this Appendix III;
- (l) the Unichow Irrevocable Undertaking;
- (m) this Scheme Document; and
- (n) the Perpetual CB Securities Offer Letter.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Cause No. FSD 342 of 2024 (DDJ)

**SECTION 86 OF THE COMPANIES ACT
(AS REVISED)
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023
(AS REVISED)
AND IN THE MATTER OF BEIJING CAPITAL GRAND LIMITED
SCHEME OF ARRANGEMENT
Between
BEIJING CAPITAL GRAND LIMITED
And
THE SCHEME SHAREHOLDERS
(AS DEFINED BELOW)**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 28 October 2024 jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“Announcement Date”	28 October 2024, being the date of the Announcement
“BCCDG”	Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), a company incorporated in the PRC with limited liability, the parent company of the Offeror and a wholly-owned subsidiary of Capital Group
“BCG Chinastar”	BCG Chinastar International Investment Limited (首創華星國際投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Capital Group and a fellow subsidiary of the Offeror
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$0.85 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme

“Capital Group”	Beijing Capital Group Co., Ltd* (北京首都創業集團有限公司), a state-owned enterprise under the direct supervision of the Beijing Municipal Government, which indirectly holds 100% of the issued shares of the Offeror
“Class A Convertible Preference Share(s)”	the class A limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of the Company
“Class B Convertible Preference Share(s)”	the class B limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of the Company
“Companies Act”	the Companies Act of the Cayman Islands (As Revised)
“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Condition(s)”	the conditions to the implementation of the Proposal as set out in the section headed “3. Conditions of the Proposal” of the Explanatory Memorandum in this Scheme Document
“Conditions Long Stop Date”	28 July 2025, being the date which is 9 months after the Announcement Date, or such later date as the Offeror may in its sole discretion determine, or to the extent applicable, as the Grand Court may direct, in each case as permitted by the Executive
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China, at which the Scheme (with or without modification) will be voted upon, or any adjournment or postponement thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties

“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions, which is expected to be Thursday, 23 January 2025 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 10:45 a.m. (or if later, immediately after the Court Meeting has been concluded or adjourned) on Friday, 10 January 2025 at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, including any reduction of the issued share capital of the Company as a result of the cancellation of the Scheme Shares and the implementation of the Scheme, or any adjournment or postponement thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate(s) of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the Company, comprising Mr. Zhai Senlin, Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo, formed for the purpose of making a recommendation to the Disinterested Shareholders in respect of the Proposal and the Scheme and to the Perpetual CB Securities Holder in respect of the Perpetual CB Securities Offer

“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Perpetual CB Securities Offer
“Latest Practicable Date”	13 December 2024, being the latest practicable date for ascertaining certain information contained in the Scheme Document
“Offeror”	BECL Investment Holding Limited (首置投資控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by BCCDG
“Offeror Concert Parties”	parties acting in concert with the Offeror, BCCDG and Capital Group (which, for the avoidance of doubt, except any exempt principal traders or any exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code)
“Perpetual CB Securities”	the perpetual convertible bond securities issued by the Company on 28 December 2016 with an outstanding aggregate principal amount of HK\$657,594,260 as at the Latest Practicable Date
“Perpetual CB Securities Holder”	holder of the Perpetual CB Securities, being Smart Win as at the Latest Practicable Date
“Perpetual CB Securities Offer”	the conditional cash offer made by or on behalf of the Offeror to the Perpetual CB Securities Holder to acquire all of the outstanding Perpetual CB Securities in accordance with the Takeovers Code and the terms as set out in the Scheme Document
“PRC” or “China”	the People’s Republic of China
“Proposal”	the proposal for the privatisation of the Company and the withdrawal of listing of the Shares on the Stock Exchange by the Offeror by way of the Scheme and the Perpetual CB Securities Offer, in each case, on the terms and subject to the conditions set out in the Announcement and in this Scheme Document

“Scheme Record Date”	Thursday, 23 January 2025 or such other date as may be announced to the Scheme Shareholders, being the record date for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act involving the cancellation of all the Scheme Shares and the contemporaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Grand Court or agreed between the Company and the Offeror
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders and the Perpetual CB Securities Holder containing, <i>inter alia</i> , further details of the Proposal (including the Scheme and the Perpetual CB Securities Holder)
“Scheme Share(s)”	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those held by the Offeror and BCG Chinastar
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of Share(s)
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC in Hong Kong as amended from time to time

(B) The Company was incorporated as an exempted company with limited liability on 9 August 2010 in the Cayman Islands.

- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$200,000,000 divided into 20,000,000,000 shares of par value HK\$0.01 each comprised of (i) 18,355,918,048 Shares of HK\$0.01 par value each; (ii) 738,130,482 Class A Convertible Preference Shares of par value HK\$0.01 each; and 905,951,470 Class B Convertible Preference Shares of par value HK\$0.01 each. As at the Latest Practicable Date, the Company had 1,161,584,249 Shares, 166,976,636 Class A Convertible Preference Shares and 905,951,470 Class B Convertible Preference Shares in issue. Since 2 April 2012, the issued Shares of the Company have been listed and traded on the Main Board of the Hong Kong Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company by cancelling all of the Scheme Shares in consideration of the Cancellation Price so that the Company will be wholly owned by the Offeror. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares to be issued to the Offeror.
- (F) The Offeror and BCG Chinastar have undertaken to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

THE SCHEME**PART I****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) the Scheme Shares shall be cancelled and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
 - (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained by the issuance to the Offeror, credited as fully paid, of an aggregate number of Shares which is equal to the number of Scheme Shares cancelled; and
 - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares to be issued to the Offeror.

PART II**CONSIDERATION FOR CANCELLATION AND
EXTINGUISHMENT OF THE SCHEME SHARES**

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Price to each Scheme Shareholder.

PART III**GENERAL**

3.
 - (a) As soon as possible but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of the sums payable to such Scheme Shareholders pursuant to paragraph 2 of the Scheme.
 - (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the registered address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
 - (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.

- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, CICC, the Independent Financial Adviser and the share registrar of the Company and their respective ultimate beneficial owners, nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.
 - (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of the Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank selected by the Offeror. The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
 - (f) On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of the Scheme, including accrued interest subject to any deduction required by law and any expenses incurred.
 - (g) Paragraph 3 shall take effect subject to any prohibition or condition imposed by law.
4. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and

- (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.

- 5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme under Section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act.

- 6. Unless the Scheme shall have become effective on or before the Conditions Long Stop Date, the Scheme shall lapse.

- 7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.

- 8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Cause No. FSD 342 of 2024 (DDJ)

**IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (AS REVISED)
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023
(AS REVISED)
AND IN THE MATTER OF BEIJING CAPITAL GRAND LIMITED
NOTICE OF COURT MEETING**

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 5 December 2024 (Cayman Islands time) made in the above matter, Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between Beijing Capital Grand Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Friday, 10 January 2025 (Hong Kong time) at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the Explanatory Memorandum explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the composite scheme document can be obtained by the Scheme Shareholders from the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Scheme Shareholders (other than those required to abstain from voting as detailed in the Scheme) may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the Scheme Document. The completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment or postponement thereof, if he/she so wishes and in such event, the **PINK** form of proxy previously submitted will be revoked by operation of law.

In the case of joint registered holders of a Scheme Share (as defined in the Scheme), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting personally or by proxy the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

The **PINK** form of proxy for use at the Court Meeting, together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, but in any event at least 48 hours before the time appointed for holding the Court Meeting or any adjournment or postponement thereof. Alternatively, the **PINK** form of proxy may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

By the Order, the Court has appointed Mr. Yeung Chi Tat, an independent non-executive Director, or failing him, any other Director, or failing him, any other person authorized by the Board, to act as chairman of the Court Meeting and has directed the chairman of the Court Meeting (or a person duly authorised by the chairman of the Court Meeting) to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Grand Court as set out in the Explanatory Memorandum contained in the Scheme Document.

Dated: 16 December 2024

By order of the Court
Beijing Capital Grand Limited

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*
10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Notes:

1. Voting at the Court Meeting will be taken by poll.
2. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 7 January 2025 to Friday, 10 January 2025 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Monday, 6 January 2025. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting.
3. In the event of extreme weather conditions in Beijing at any time after 9:00 a.m. on the date of the Court Meeting, the Court Meeting may be adjourned or postponed in accordance with the memorandum and articles of association of the Company. In such case, the Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meeting.

CAPITAL  GRAND
BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Beijing Capital Grand Limited (the “**Company**”) will be held at 7th Floor, West Zone Jing’an Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, China on Friday, 10 January 2025 at 10:45 a.m. (Hong Kong time) (or, if later, as soon as practicable after the conclusion or the adjournment of the Court Meeting (as defined in the Scheme Document (as defined below))) for the purpose of considering and, if thought fit, passing the following special resolution:

SPECIAL RESOLUTION

1. “THAT, (i) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 16 December 2024 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document), and (ii) contemporaneously with (i) above, the maintenance of the issued share capital of the Company at the amount prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror (as defined in the Scheme Document), be and is hereby approved.”

By order of the Board
Beijing Capital Grand Limited
Xie Hongyi
Executive Director

Hong Kong, 16 December 2024

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*
10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and on a poll, vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the **WHITE** form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:45 a.m. on Wednesday, 8 January 2025) or the adjourned or postponed meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the Company's register of members in respect of the relevant shares.
5. For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 7 January 2025 to Friday, 10 January 2025 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 6 January 2025.
6. All resolutions put to vote at the EGM will be decided by way of poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) as required by the Listing Rules and Takeovers Code.
7. In the event of extreme weather conditions in Beijing at any time after 9:00 a.m. on the date of the EGM, the EGM may be adjourned or postponed in accordance with the memorandum and articles of association of the Company. In such case, the Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meeting.
8. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi and Mr. Zhai Senlin as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors.

Set out below is a form of the Perpetual CB Securities Offer Letter being sent to the Perpetual CB Securities Holder in connection with the Perpetual CB Securities Offer.

BECL Investment Holding Limited
10/F., Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Beijing Capital Grand Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

16 December 2024

To the Perpetual CB Securities Holder

Dear Sir/Madam,

PERPETUAL CB SECURITIES OFFER

IN RELATION TO THE PROPOSAL FOR THE PRIVATISATION OF BEIJING CAPITAL GRAND LIMITED BY BECL INVESTMENT HOLDING LIMITED BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT)

INTRODUCTION

A scheme document issued jointly by BECL Investment Holding Limited (首置投資控股有限公司) (the “**Offeror**”) and Beijing Capital Grand Limited (the “**Company**”) dated the same date as this letter (the “**Scheme Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Offeror and the Company issued jointly the Announcement on 28 October 2024 which stated, among others, that on 16 October 2024 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

In accordance with Rule 13 of the Takeovers Code, the Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder to acquire all the outstanding Perpetual CB Securities as at the Effective Date. The Perpetual CB Securities Offer will be conditional upon the Scheme becoming effective.

This letter explains the actions you may take in relation to your Perpetual CB Securities. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the Perpetual CB Securities.

TERMS AND CONDITIONS OF THE PERPETUAL CB SECURITIES OFFER

The Offeror is making the Perpetual CB Securities Offer to the Perpetual CB Securities Holder in accordance with Rule 13 of the Takeovers Code to acquire all the outstanding Perpetual CB Securities which remain outstanding and have not otherwise been redeemed and/or converted into Shares pursuant to the conversion rights thereunder as at the Effective Date. The Perpetual CB Securities Offer is conditional upon the Scheme becoming effective. The Conditions are set out in the section headed “3. Conditions of the Proposal” in the Explanatory Memorandum of the Scheme Document.

In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Perpetual CB Securities Offer is HK\$0.40476190476 for every HK\$1 face value of the Perpetual CB Securities, being the “see-through” consideration for each Perpetual CB Securities with a face value of HK\$1 (i.e. being approximately 0.476190 Share for every HK\$1 face value at the prevailing conversion price of HK\$2.10 per Share, multiplied by the Cancellation Price per Scheme Share), and the total Perpetual CB Securities Offer is valued at HK\$266,169,105, which is calculated by multiplying the number of Shares into which the Perpetual CB Securities are convertible into (being an aggregate of 313,140,124 Shares for all the outstanding Perpetual CB Securities at the conversion price of HK\$2.10 per Share, each as at the Latest Practicable Date) by the Cancellation Price per Scheme Share.

The offer price under the Perpetual CB Securities Offer will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the offer price under the Perpetual CB Securities Offer.

Pursuant to the terms and conditions of the Perpetual CB Securities, holders of the Perpetual CB Securities shall be entitled to (i) simple interest on the outstanding principal amount of the Perpetual CB Securities at a rate equal to 0.01% per annum on a non-cumulative basis payable annually in arrear in cash (the “**PCBS Fixed Interest**”) and (ii) additional variable interest in the event that any dividend or distribution is paid by the Company to be calculated based on an aggregate amount of such dividend or distribution per Share multiplied by the aggregate number of Shares into which the Perpetual CB Securities then outstanding may be converted into (the “**PCBS Variable Interest**”).

The Perpetual CB Securities to be acquired under the Perpetual CB Securities Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid, the Offeror will reduce the offer price under the Perpetual CB Securities Offer by all or any part of the amount or value of the PCBS Variable Interests arising out of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the offer price under the Perpetual CB Securities Offer will be deemed to be a reference to the offer price under the Perpetual CB Securities Offer as so reduced.

If the Perpetual CB Securities Holder exercise the conversion rights in accordance with the terms and conditions of the Perpetual CB Securities and become Shareholders on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

You are further advised to refer to the sections headed “16. Registration and Payment”, “17. Overseas Shareholders” and “18. Taxation Advice” in the Explanatory Memorandum of the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee set out in Part V of the Scheme Document and the letter from the Independent Financial Adviser set out in Part VI of the Scheme Document, which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal, the Scheme and the Perpetual CB Securities Offer.

Other General Terms and Conditions

- (a) All communications, notices, Forms of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from the Perpetual CB Securities Holder will be delivered by or sent to or from them, or their designated agents, at their risk, and none of the Offeror, the Company or CICC accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Perpetual CB Securities Offer.
- (c) The Perpetual CB Securities Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (d) Due execution of the Form of Acceptance in respect of the Perpetual CB Securities Offer will constitute an authority to the Offeror, the Company, CICC or such person(s) as any of them may direct to complete and execute on behalf of the accepting Perpetual CB Securities Holder, the Form of Acceptance and any document and to do any other act that may be necessary or expedient for the purpose of cancelling, or vesting in the Offeror or such person(s) as the Offeror shall direct, all rights of the Perpetual CB Securities Holder in respect of the Perpetual CB Securities which are the subject of such acceptance.
- (e) The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed, executed and received notwithstanding that it is not completed, executed or received strictly in accordance with the Form of Acceptance and this letter, including the date specified for receipt or the absence of any witness attesting to the execution of any Form of Acceptance.
- (f) By completing the Form of Acceptance in respect of any principal amount of Perpetual CB Securities, you irrevocably and at your own risk elect to authorise the Offeror, the Company, CICC and/or their respective agent(s) to send to you, or procure the sending to you of, the cheque for the payment to which you are entitled under the Perpetual CB Securities Offer.
- (g) Any acceptance of the Perpetual CB Securities Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of the Offeror and/or the Company. Cash consideration under the Perpetual CB Securities Offer may be paid to you net of such applicable taxes, if any. The Perpetual CB Securities Holder is recommended to consult their professional advisers if in any doubt as to the taxation implications of the Perpetual CB Securities Offer.
- (h) Any acceptances of the Perpetual CB Securities Offer by the Perpetual CB Securities Holder shall be irrevocable and cannot be withdrawn, except as permitted under the Takeovers Code. If the Perpetual CB Securities Offer lapses or is withdrawn, the Offeror shall, at the Perpetual CB Securities Holder's own risk as soon as possible but in any event no later than 7 business days (as defined under the Takeovers Code) thereafter, return by ordinary post the relevant certificate(s) of the Perpetual CB Securities lodged with the Form of Acceptance to the Perpetual CB Securities Holder.

Declaration

By signing and returning the completed Form of Acceptance, you thereby:

- (a) warrant and confirm that the Perpetual CB Securities in respect of which you accept the Perpetual CB Securities Offer is valid and subsisting, fully paid, free from all liens, charges, mortgages and third party interests of any nature whatsoever and acquired by the Offeror under the Perpetual CB Securities Offer together with all rights attaching to

the Perpetual CB Securities as at the Effective Date or subsequently becoming attached to them, including the right to receive in full all PCBS Fixed Interests (subject to the right of the Company to defer such payment in accordance with the terms of the Perpetual CB Securities) and/or PCBS Variable Interests, if any, the record date of which is on or after the Effective Date;

- (b) acknowledge that any Perpetual CB Securities certificate or documents in respect of such Perpetual CB Securities shall become void once that Perpetual CB Securities has been cancelled or transferred as a result of your acceptance of the Perpetual CB Securities Offer;
- (c) warrant and confirm to the Offeror, the Company, CICC or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Proposal that you have not taken or omitted to take any action which will or may result in the Offeror, the Company, CICC or any of their respective ultimate beneficial owners, nominees, directors, employees, officers, agents, advisers, associates, affiliates or any other person involved in the Proposal acting in breach of the legal or regulatory requirements of any territory in connection with the Perpetual CB Securities Offer or your acceptance thereof;
- (d) acknowledge and agree that you cease to have any rights and obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of all the Perpetual CB Securities held by you for which you accept the Perpetual CB Securities Offer, that all rights and obligations under all such Perpetual CB Securities will be cancelled;
- (e) confirm that the decisions which you have made on the Form of Acceptance cannot be withdrawn or altered unless otherwise permitted under the Takeovers Code;
- (f) authorise the Offeror, the Company, CICC and/or such person or persons as any of them may direct to do all acts and things and to complete, amend and execute any document on your behalf as may be necessary or desirable to give effect to or in connection with the acceptance you have made on the Form of Acceptance, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance;
- (g) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any person authorised or appointed by or pursuant to this letter and the Form of Acceptance; and
- (h) confirm that you have read, understood and agreed to the terms and conditions of the Perpetual CB Securities Offer (including, without limitation, those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received and read the Scheme Document and this letter.

ACTIONS TO BE TAKEN BY THE PERPETUAL CB SECURITIES HOLDER

If you accept the Perpetual CB Securities Offer, you should complete the Form of Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the Perpetual CB Securities held by you that you wish to tender to the Perpetual CB Securities, which instructions form part of the terms and conditions of the Perpetual CB Securities.

The complete Form of Acceptance should be forwarded together with the certificate(s) of the Perpetual CB Securities) which you intend to accept the Perpetual CB Securities Offer, by post or by hand, to the Offeror at 30/F, Jardine House, One Connaught Place, Central, Hong Kong, as soon as possible but in any event no later than 4:00 p.m. on Thursday, 23 January 2025 or such later time and/or date as the Offeror and the Company may announce in accordance with the Takeovers Code.

No acknowledgement of receipt of any Form of Acceptance and/or certificate(s) of the Perpetual CB Securities will be given.

The Perpetual CB Securities Holder is reminded that if you do not accept the Perpetual CB Securities Offer, and the Scheme subsequently becomes effective and the listing of the Shares on the Stock Exchange is withdrawn, this will result in the Perpetual CB Securities Holder holding Perpetual CB Securities which are convertible into unlisted Shares and the liquidity of the Shares may be severely reduced. In addition, the Company will no longer be subject to the Takeovers Code and the Listing Rules after the Scheme becoming effective and the listing of the Shares on the Stock Exchange is withdrawn, and the right of the Perpetual CB Securities Holder to certain information of the Company will be reduced.

For further details, please refer to the remaining sections of this letter, the Scheme Document, the Form of Acceptance.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take. If you are in doubt as to any aspect of this letter, the Scheme Document, or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the sole director of the Offeror is Mr. Pei Jun, who accepts full responsibility for the accuracy of information contained in this letter (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his

knowledge, opinions expressed in this letter (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the Latest Practicable Date, the directors of BCCDG comprise Mr. Bi Yong, Ms. Sun Baojie, Mr. Deng Wenbin, Mr. Xu Zhuo, Mr. Yu Xuekui, Ms. Qin Yi, Mr. Mu Zhibin, Mr. Huang Ziquan and Mr. Fan Shubin. The directors of BCCDG jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the Latest Practicable Date, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi and Mr. Zhai Senlin as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this letter (other than the information relating to the Offeror), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.