
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY TRANSFER AGREEMENT AND (2) NOTICE OF EGM

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



TUS Corporate
Finance Limited

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

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder is set out on page 13 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder is set out on pages 14 to 31 of this circular.

A notice convening the EGM to be held at 9:00 a.m. on 19 February 2021 at Block A, Fucheng Building, No. 98, Beilishi Road, Xicheng District, Beijing, the People's Republic of China, together with the form of proxy are also enclosed herein.

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

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

31 January 2021

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DEFINITIONS

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

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| “Board” | the board of directors of the Company |
| “Capital Contribution” | the obligation to pay the unpaid registered capital of the Project Company of an amount of RMB14,990,000 by the Purchaser |
| “Capital Group” | Beijing Capital Group Co., Ltd.* (北京首都創業集團有限公司), a state-owned enterprise incorporated in the PRC on 26 October 1994 and under the direct supervision of the Beijing Municipal Government, the controlling shareholder of the Company and a connected person of the Company |
| “Capital Increase” | the capital increase of an aggregate amount of RMB1,380,000,000 upon Completion in proportion to the then respective shareholding interests of the Seller and the Purchaser in the Project Company |
| “Company” | Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under in the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2868) |
| “Completion” | the completion of the Equity Transfer |
| “Consideration” | a cash consideration of RMB869,435 to be paid by the Purchaser to the Seller and the Capital Contribution of an amount of RMB14,990,000 by the Purchaser |
| “Dawayao Site” | a parcel of land located in Lugouqiao Dawayao of Fengtai District (豐台區盧溝橋大瓦窯) in Beijing, the PRC |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder |
| “Equity Interest” | 14.99% of the registered capital of the Project Company |
| “Equity Transfer” | the transfer of the Equity Interest by the Seller to the Purchaser |
| “Equity Transfer Agreement” | the equity transfer agreement dated 11 November 2020 entered into between the Seller and the Purchaser in relation to, among other things, the Equity Transfer and the Capital Increase |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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|---------------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin) established for the purpose of advising the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder |
| “Independent Financial Adviser” | TUS Corporate Finance Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder |
| “Independent Shareholder(s)” | the Shareholders who are not required to abstain from voting at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder |
| “Independent Third Party(ies)” | individuals or companies who or which are not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates |
| “Latest Practicable Date” | 29 January 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Project Company” | Beijing Chuangyue Xinke Real Estate Company Limited* (北京創閱新科置業有限公司), a company established in the PRC with limited liability and wholly-owned by the Seller as at the Latest Practicable Date |

DEFINITIONS

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|----------------------|--|
| “Purchaser” | Beijing City Green Foundations Development Company Limited* (北京市綠化隔離地區基礎設施建設有限公司), a company established in the PRC with limited liability, and an associate of Capital Group and thus a connected person of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Seller” | Prime Capital Qizhi (Tianjin) Investment Company Limited* (首金祺志(天津)投資管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Shareholder’s Loan” | the unsecured shareholder’s loan of RMB472,185,000 committed by the Seller to the Project Company at an interest rate of 7% per annum |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transactions” | the Equity Transfer and the Capital Increase |
| “%” | per cent. |

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

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments.

** The English name is a translation of its Chinese name and is included for identification purposes only.*

LETTER FROM THE BOARD



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

Non-executive Director:

Li Songping (*Chairman*)

Executive Directors:

Zhong Beichen (*President*)

Huang Ziquan

Hu Weimin

Fan Shubin

Non-executive Director:

Sun Baojie

Independent non-executive Directors:

Li Wang

Wong Yik Chung, John

Liu Xin

Legal address:

Room 3071, 3/F Office, Block 4

No.13 Kaifang East Road

Huairou District

Beijing

PRC

Place of business in the PRC:

Block A, Fucheng Building

No. 98, Beilishi Road

Xicheng District

Beijing

the People's Republic of China

Place of business in Hong Kong:

Suites 4602-05

One Exchange Square

Central

Hong Kong

31 January 2021

To the Shareholders,

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT
AND
(2) NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement dated 11 November 2020 of the Company in relation to the Transactions.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Purchaser is an associate of Capital Group, which is a controlling shareholder of the Company, the Purchaser is a connected person of the Company and thus upon Completion, the Project Company will be a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules and a connected person of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval in relation to the Equity Transfer Agreement and the transactions contemplated thereunder. The Independent Board Committee has been formed to consider and advise the Independent Shareholders on the same.

The purpose of this circular is to provide you with, among others, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser; (iv) a valuation report in relation to the Dawayao Site; (v) other information as required under the Listing Rules; and (vi) a notice of the EGM together with the form of proxy.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 11 November 2020

Parties: (a) the Seller, an indirect wholly owned subsidiary of the Company;
and
(b) the Purchaser.

Subject matter

Pursuant to the Equity Transfer Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Equity Interest (representing 14.99% of the registered capital of the Project Company as at Latest Practicable Date). The Project Company is primarily engaged in the development of the Dawayao Site located in Beijing, the PRC and further details of the Project Company and the Dawayao Site are set out in the section headed "Information on the Project Company" below.

As at the Latest Practicable Date, the Seller owns the entire equity interest in the Project Company and thus the Project Company is an indirect wholly-owned subsidiary of the Company. Immediately after the Completion of the Equity Transfer, the Project Company will be owned by the Seller and the Purchaser as to 85.01% and 14.99%, respectively, and thus the Project Company will be a non wholly-owned subsidiary of the Company and its financials will be consolidated in the financial statements of the Group.

LETTER FROM THE BOARD

Consideration

The Consideration for the Equity Transfer shall be RMB869,435, which will be paid in cash by the Purchaser to the Seller, and the Capital Contribution, being an amount of RMB14,990,000, by the Purchaser to the Project Company in proportion to the Equity Interest.

Basis of determination of the Consideration

The Consideration was determined based on arm's length negotiations between the Seller and the Purchaser on normal commercial terms after taking into account of, among other things, (a) the appraised net assets value of the Project Company of approximately RMB5,800,100 as at 31 August 2020 (the “**Appraised NAV**”); (b) the registered capital of the Project Company; and (c) the proportion of the Equity Interest to be acquired by the Purchaser.

The Appraised NAV was determined using an asset-based approach which took into account of the assets (such as the Dawayao Site) and the liabilities (such as the loans of the Project Company) as at 31 August 2020 by China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司). The book value of the total assets and total liabilities of the Project Company as at 31 August 2020 was approximately RMB2,961,336,500 and RMB2,961,336,500, respectively, and the appraised value of the total assets and the total liabilities was RMB2,967,136,900 and RMB2,961,336,500, respectively. The increase of RMB5,800,400 in the total assets of the Project Company was attributable to the increment in the market value of the Dawayao Site since its acquisition. The assumptions applied for determining the Appraised NAV included, among others, that (a) the Project Company will be able to continue as a going concern; (b) there will not be material adverse change on or affecting the Project Company occurring after 31 August 2020; (c) the Project Company is in compliance with relevant laws and regulations; (d) there is no change in accounting policies adopted by the Project Company; and (e) there is no change in management strategies and methods. After taking into account of the methodology and assumptions applied for determining the Appraised NAV including (i) the use of the asset-based approach, which is an appropriate methodology as the Project Company has only been established for a short period of time as at 31 August 2020 and its assets comprises mainly of the Dawayao Site; and (ii) the assumptions as described above are realistic and achievable, the Directors considered that the Appraised NAV is fair and reasonable.

Based on the above, the Directors consider that the Consideration is fair and reasonable and in the interest of the Company and Shareholders as a whole.

The Capital Increase in the Project Company

Immediately upon Completion, there shall be the Capital Increase in the registered capital of the Project Company of an aggregate amount of RMB1,380,000,000 on pro rata basis in accordance with the then equity interests of the Seller and the Purchaser in the Project Company. According to their pro-rata basis

LETTER FROM THE BOARD

of 85.01% and 14.99%, the Capital Increase by the Seller and the Purchaser to the Project Company will be RMB1,173,138,000 and RMB206,862,000, respectively. After Completion and the Capital Increase, the total registered capital together with the capital reserves of the Project Company will amount to RMB1,480,000,000.

The Capital Increase by the Seller and the Purchaser to the Project Company was for the main purpose of providing funds to the Project Company for developing and constructing the Dawayao Site, the amount of such funding comprised in the Capital Increase is estimated based on approximately half of the land acquisition costs for the Dawayao Site drawing on the Group's past experience on similar projects to maintain a sufficient level of working capital for the Project Company.

The Shareholder's Loan

Pursuant to the Equity Transfer Agreement, there shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into the registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase.

Conditions

The Equity Transfer Agreement will be legally effective upon the signing of the Equity Transfer Agreement by the parties, the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the board of directors of the Purchaser and the passing of resolution(s) approving the Equity Transfer Agreement and the transactions contemplated thereunder by the Independent Shareholders of the Company at the EGM in accordance with the Listing Rules.

Completion

Completion shall take place on the date of completion of the registration of the changes of the Equity Interest with the relevant PRC authorities.

The board of directors of the Project Company

Upon the Completion, the Project Company's board of directors shall consist of five directors, among which the Purchaser will appoint one director.

INFORMATION ON THE PROJECT COMPANY

The Project Company is established on 31 July 2020 under the laws of the PRC with limited liability, and is primarily engaged in the investment and development of the Dawayao Site. As at the Latest Practicable Date, the registered capital of the Project Company was RMB100,000,000, which is unpaid. The Project Company has no material operations since establishment, save and except for the acquisition of the Dawayao Site.

LETTER FROM THE BOARD

The Dawayao Site

The Dawayao Site was acquired through public tender in July 2020 and has been held by the Project Company since acquisition. Details of the Dawayao Site are listed below:

| | |
|--|--|
| Location: | Lugouqiao Dawayao of Fengtai District (豐台區盧溝橋大瓦窯) in Beijing, the PRC |
| Total site area: | approximately 44,670 sq.m. |
| Total planned gross floor area: | approximately 119,857 sq.m. |
| Nature of the land use rights: | Residential, commercial and other facilities |
| Term of the land use rights: | 70 years for residential, 40 years for commercial and 50 years for offices |
| Land premium: | RMB2,960,000,000 |

The Project Company plans to develop residential properties, commercial properties and other facilities (such as kindergarten, nursing home and community centers) on the Dawayao Site. The planned gross floor area of the residential properties is approximately 67,647 sq.m., all of which would be developed for sale. The residential properties to be developed on the Dawayao Site will be accounted for in the Group's accounts as inventories during the development stage and then as cost of sales upon completion of sale of such inventories. The remaining commercial properties and other facilities will be transferred at no compensation to relevant village committee and government departments respectively upon completion in accordance with the conditions for grant of the land use rights of the Dawayao Site, such related costs will be accounted for in the Group's accounts as cost of sales upon completion of the transfers.

Financial Information

Since there was no material operations after the establishment of the Project Company (save and except for the acquisition of the Dawayao Site), therefore no material profits or losses have been recorded.

The main asset of the Project Company is the Dawayao Site, and the audited net assets of the Project Company as at 31 August 2020 was approximately nil. The appraised net assets value of the Project Company was approximately RMB5,800,100 as at 31 August 2020, which was solely contributed by valuation gain from the Dawayao Site.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE TRANSACTION AND USE OF PROCEEDS

The net proceeds received by the Group from the Equity Transfer, which is expected to be approximately RMB869,000, will be used as general working capital. Based on preliminary assessment, it is expected that the Group will record a gain of approximately RMB869,000 as a result of the Equity Transfer, subject to the final audit to be performed by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

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

Dawayao Site is situated in a prime location overlapping area of Lize Business District and Fengtai Technology Park in Beijing and has geographic advantages as it is adjacent to subway stations and expressways, which makes the Dawayao Site a scarce investment opportunity. The Purchaser is controlled by Capital Group and is authorised by the PRC governmental bodies to engage in the primary land development in the Dawayao Greenbelt, including the Dawayao Site, the Purchaser is responsible for the implement of Beijing Greenbelt and the primary commercial land development. The Company intends to leverage on the synergies across internal business segments within Capital Group, so as to facilitate the development of the Dawayao Site with the Purchaser, and to fully explore its development value. Further, the introduction of the Purchaser to jointly develop the Dawayao Site with the Seller will not only maintain the Company's dominating management rights in the development of the Dawayao Site, but also to diversify the project risks, reduce the Company's capital investment and increase the return on capital for the development of the Dawayao Site.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder (including, among other things, the Consideration and the Capital Increase) are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the shareholders as a whole.

Save for Mr. Li Songping, who has abstained from voting on a voluntary basis for reasons of his directorship and/or management roles in Capital Group to the best knowledge of the Company having made all reasonable enquiries, none of the other Directors have a material interest in the transactions and therefore no other Director was required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

GENERAL INFORMATION ON THE PARTIES

The Seller

The Seller is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Seller is primarily engaged in the investment and development of real estate in the PRC.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability which equity interest is owned as to approximately 52.6% by Capital Group on one part, and approximately 12.8% by Beijing Haidian State-Owned Properties Investment & Management Co., Ltd* (北京市海淀區國有資產投資經營有限公司), a state-owned enterprise, approximately 12.8% by Beijing Baojiaheng Infrastructure Investment Co., Ltd* (北京寶嘉恒基礎設施投資有限公司), a state-owned enterprise, approximately 7.7% by Beijing Construction Engineer Group Co., Ltd* (北京建工集團有限責任公司), a state-owned enterprise, approximately 7.7% by Beijing Fengtai Comprehensive Investment Group Co., Ltd* (北京市豐台區綜合投資集團有限公司), a state-owned enterprise, approximately 2.6% by Beijing Urban & Rural Construction Group Co., Ltd* (北京城鄉建設集團有限責任公司), a state-owned enterprise, approximately 2.6% by Beijing Capital Agricultural Food Group Co., Ltd* (北京首農食品集團有限公司), a state-owned enterprise, and approximately 1.2% by Beijing Gonglian Highway Link Co., Ltd* (北京市公聯公路聯絡線有限責任公司), a state-owned enterprise, all of which are Independent Third Parties, on the other part, as of the Latest Practicable Date. Thus, the Purchaser is an associate of Capital Group and a connected person of the Company. The Purchaser is principally engaged in municipal infrastructure construction and primary land development in greenbelt area.

LISTING RULES IMPLICATIONS

As the Purchaser is an associate of Capital Group, which is a controlling shareholder of the Company, the Purchaser is a connected person of the Company and thus upon Completion, the Project Company will be a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules and a connected person of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Consideration are less than 5%, the Equity Transfer is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Consideration are more than 0.1% but are all less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As all applicable percentage ratios in respect of the Capital Increase by the Purchaser are less than 5%, the Capital Increase by the Purchaser is not subject to the reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios in respect of the Capital Increase by the Seller exceeds 5% but are all less than 25%, the Capital Increase by the Seller constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As the Capital Increase in the Project Company by the Purchaser is in proportion to its share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the Capital Increase by the Purchaser is fully exempted from the connected transactions requirements under Chapter 14A of the Listing Rules. However, as one or more applicable percentage ratios in respect of the Capital Increase by the Seller is more than 5%, the Capital Increase by the Seller is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Shareholder's Loan will be conducted on normal commercial terms or better and no security over the assets of the Group will be provided, such transactions are fully exempted from the connected transaction requirements under Rule 14A.90 of the Listing Rules.

EGM

A notice convening the EGM to be held at 9:00 a.m. on 19 February 2021 at Block A, Fucheng Building, No. 98, Beilishi Road, Xicheng District, Beijing, the People's Republic of China, is set out on pages EGM-1 to EGM-3 of this circular. The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder. The voting at the EGM will be conducted by way of poll. The Equity Transfer Agreement and the transactions contemplated thereunder will be proposed by way of ordinary resolution at the EGM to be approved by the Independent Shareholders.

As at the Latest Practicable Date, Capital Group is interested in 2,473,808,550 shares (representing approximately 56.70% of the total issued share capital of the Company), China Resource Products Limited is interested in 357,998,300 shares (representing approximately 8.21% of the total issued share capital of the Company, including 82,762,100 shares indirectly held through Yieldwell International Enterprise Limited) and Yieldwell International Enterprise Limited is interested in 82,762,100 shares (representing approximately 1.90% of the total issued share capital of the Company). Capital Group (the controlling shareholder of the Company), together with China Resource Products Limited and Yieldwell International Enterprise Limited (both being associates of Capital Group by virtue of Capital Group's 31.53% indirect interests in them respectively), and any Shareholder who has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder will abstain from voting on the relevant resolutions to be proposed at the EGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save for Capital Group, China Resource Products

LETTER FROM THE BOARD

Limited and Yieldwell International Enterprise Limited, to the best knowledge of the Company having made all reasonable enquiries, none of the other Shareholders are required to abstain from voting on the resolutions proposed at the EGM.

The proxy form for use at the EGM is also enclosed herein. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible, but in any event no later than 24 hours before the respective time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meetings thereof should you so desire and in such event, the relevant form(s) of proxy shall be deemed to be revoked.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 14 to 31 of this circular, consider that the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) consider that the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

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



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

31 January 2021

To the Independent Shareholders,

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT
AND
(2) NOTICE OF EGM**

We refer to the circular dated 31 January 2021 issued by the Company, of which this letter forms part thereof (the “**Circular**”). Unless otherwise specified, capitalised terms defined in the Circular shall have the same meanings when used herein.

The Independent Board Committee has been formed to advise you in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” contained in the Circular. TUS Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from the Independent Financial Adviser containing its recommendations and the principal factors it has taken into account in arriving at its recommendations are set out on pages 14 to 31 of the Circular.

Having considered the terms and conditions of the Equity Transfer Agreement, as well as the advice and recommendations of the Independent Financial Adviser set out in its letter of advice, we consider that the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. On the basis above, we recommend the Independent Shareholders to vote in favour of the resolution approving the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully

For and on behalf of

**the Independent Board Committee of
Beijing Capital Land Ltd.**

Li Wang Wong Yik Chung, John Liu Xin

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from TUS Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in respect of the Transactions, which has been prepared for the purpose of inclusion in this circular.



15/F, Shanghai Commercial Bank Tower,
12 Queen's Road Central,
Central, Hong Kong

31 January 2021

To: The Independent Board Committee and the Independent Shareholders of Beijing Capital Land Ltd.

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY TRANSFER AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 31 January 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

On 11 November 2020, the Seller (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement pursuant to which, among other things,

1. the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Equity Interest (representing 14.99% of the registered capital of the Project Company as at the Latest Practicable Date) at a cash consideration of RMB869,435 and there shall be the Capital Contribution, being an amount of RMB14,990,000, by the Purchaser to the Project Company in proportion to the Equity Interest. Upon Completion of the Equity Transfer, the Project Company will be owned by the Seller and the Purchaser as to 85.01% and 14.99%, respectively;
2. immediately upon Completion, there shall be the Capital Increase of the Project Company of an aggregate amount of RMB1,380,000,000 on pro rata basis in accordance with the then equity interests of the Seller and the Purchaser in the Project Company; and

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3. there shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into the equity of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase.

The Project Company is primarily engaged in the development of the Dawayao Site located in Beijing, the PRC.

As at the Latest Practicable Date, the Purchaser is an associate of Capital Group, which is a controlling shareholder of the Company, the Purchaser is a connected person of the Company and thus upon Completion, the Project Company will be a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules and a connected person of the Company. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Consideration are less than 5% and the Equity Transfer is not subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Consideration are more than 0.1% but are all less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Capital Increase by the Purchaser are less than 5%, the Capital Increase by the Purchaser is not subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios in respect of the Capital Increase by the Seller exceeds 5% but are all less than 25%, the Capital Increase by the Seller constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As the Capital Increase in the Project Company by the Purchaser is in proportion to its share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the Capital Increase by the Purchaser is fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules. However, as one or more applicable percentage ratios in respect of the Capital Increase by the Seller is more than 5%, the Capital Increase by the Seller is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Shareholder's Loan will be conducted on normal commercial terms or better and no security over the assets of the Group will be provided, such transactions are fully exempted from the connected transaction requirements under Rule 14A.90 of the Listing Rules.

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INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin, has been formed to advise the Independent Shareholders as to (i) whether the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms; (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole; and (iii) how to vote on the resolution(s) relating to the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

We, TUS Corporate Finance Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years prior to the Latest Practicable Date, there was no engagement between the Company and us. Apart from normal advisory fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the Transactions.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the information, facts and representations contained or referred to in the Circular and the information, opinions and representations provided or expressed to us by the Directors and/or the management of the Company. We have assumed that all information, facts and representations contained or referred to in the Circular, and all information, opinions and representations provided or expressed by the Directors and/or the management of the Company, for which they are solely responsible, are true, accurate and complete in all material respects at the time when they were provided and continue to be so as at the Latest Practicable Date and that they may be relied upon in formulating our opinion.

We have also assumed that all views, opinions and statements of intention or belief provided or expressed by the Directors and the management, advisers and/or representatives of the Company have been arrived at after due and careful enquiries. We consider that we have been provided with, and have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the

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necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided by the Directors and the management, advisers and/or representatives of the Company nor have we conducted independent investigation into the business, affairs or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

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

The letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transactions. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transactions, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

The Group is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential property development, outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industrial property developments, cultural and creative industrial property developments and rental housing. According to the 2020 Interim Report, in view of the regulatory policies for the real estate industry in the PRC are unlikely to relax in the short term, the Group adheres to stable development as its core mission by implementing a prudent investment strategy. The Group will focus on strategic cooperation and synergies between primary and secondary land development. Also, the Group will continue to expand its funding channels to ensure sufficient financing reserves. Set out below is the extracts of audited financial information of the Group for the two years ended 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 and the unaudited financial information of the Group for the six months ended 30 June 2019 and 2020, as extracted from the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”).

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Consolidated statement of profit and loss

| | For the year ended 31 December | | For the six months ended 30 June | |
|--|--|--|--|--|
| | 2018 ("FY2018") (Audited) RMB'000 | 2019 ("FY2019") (Audited) RMB'000 | 2019 ("1H2019") (Unaudited) RMB'000 | 2020 ("1H2020") (Unaudited) RMB'000 |
| Revenue | 23,257,053 | 20,786,255 | 10,476,385 | 9,219,283 |
| Operating profit | 3,160,047 | 3,552,458 | 2,178,675 | 1,153,591 |
| Profit for the year/period | 2,417,089 | 2,568,862 | 1,759,083 | 1,019,661 |
| Profit for the year/period attributable to owners of the Company | 1,922,932 | 2,122,572 | 1,187,493 | 850,221 |

Comparison of historical results between years/periods for material items

FY2018 and FY2019

The Group's revenue decreased by approximately 10.6% from RMB23,257,053,000 for FY2018 to approximately RMB20,786,255,000 for FY2019, primarily due to a decrease in sales revenue of property development during the year. The operating profit increased by approximately 12.4% from approximately RMB3,160,047,000 for FY2018 to approximately RMB3,552,458,000 for FY2019, mainly attributable to an increase of gross profit margin in property development and sale business during the year.

1H2019 and 1H2020

The Group's revenue decreased by approximately 12.0% from approximately RMB10,476,385,000 for 1H2019 to approximately RMB9,219,283,000 for 1H2020, which was mainly due to a decrease in sales revenue of property development during the period. The operating profit decreased by approximately 47.1% from approximately RMB2,178,675,000 for 1H2019 to approximately RMB1,153,591,000 for 1H2020, mainly due to a decrease of gross profit margin in property development and sale business during the period.

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Consolidated statement of financial position

| | As at 30 June 2020 (Unaudited) RMB'000 | As at 31 December 2019 (Audited) RMB'000 |
|---|---|---|
| Total assets | 202,408,431 | 185,269,318 |
| Inventories | 98,186,944 | 85,928,699 |
| Cash and cash equivalents | 32,387,804 | 27,035,244 |
| Trade and other receivables | 25,704,955 | 27,569,578 |
| Investment properties | 17,169,814 | 16,743,273 |
| Total liabilities | 156,934,840 | 143,228,212 |
| Short-term and long-term borrowings | 61,499,259 | 51,721,363 |
| Debentures payables | 39,653,074 | 38,660,506 |
| Trade and other payables | 21,245,909 | 19,735,815 |
| Total equity attributable to owners of the Company | 31,811,960 | 31,904,018 |
| Debt-to-asset ratio | 77.5% | 77.3% |

The Group's total assets increased from approximately RMB185,269,318,000 as at 31 December 2019 to approximately RMB202,408,431,000 as at 30 June 2020, mainly attributable to an increase in cash and cash equivalents and inventories of approximately RMB5,352,560,000 and RMB12,258,245,000, respectively, for the indicated period. The Group's total liabilities increased from approximately RMB143,228,212,000 as at 31 December 2019 to approximately RMB156,934,840,000 as at 30 June 2020, mainly attributable to an increase in the short-term and long-term borrowings, debentures payables and trade and other payables of approximately RMB9,777,896,000, RMB992,568,000 and RMB1,510,094,000, respectively, for the indicated period. The Group's debt-to-asset ratio, being the ratio of total liabilities over total assets of the Group, was approximately 77.5% as at 30 June 2020 (approximately 77.3% as at 31 December 2019).

2. Background information of the parties to the Equity Transfer Agreement

The Seller

The Seller is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Seller is primarily engaged in the investment and development of real estate in the PRC.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability which equity interest is owned as to approximately 52.6% and 47.4% by Capital Group and several Independent Third Parties, respectively, as of the Latest Practicable Date. Thus, the Purchaser is an associate of Capital Group and a connected person of the Company. The Purchaser is principally engaged in municipal infrastructure construction and primary land development in greenbelt area.

As advised by the management of the Company, the Purchaser is a well-established municipal infrastructure construction company and one of the only three municipal infrastructure investment and construction platform companies in Beijing with profound experience in fields such as the municipal infrastructure construction and primary land development in greenbelt.

3. Information of the Project Company and the Dawayao Site

The Project Company

The Project Company is established on 31 July 2020 under the laws of the PRC with limited liability, and is primarily engaged in the investment and development of the Dawayao Site. As at the Latest Practicable Date, the registered capital of the Project Company was RMB100,000,000, which is unpaid. The Project Company has no material operations since establishment, save and except for the acquisition of the Dawayao Site and therefore no material profits or losses have been recorded.

The major asset of the Project Company is the Dawayao Site and the audited net assets of the Project Company as at 31 August 2020 was nil.

The Dawayao Site

The Dawayao Site was acquired through public tender in July 2020 and has been held by the Project Company since acquisition. Details of the Dawayao Site are listed below:

| | |
|--|--|
| Location: | Lugouqiao Dawayao of Fengtai District (豐台區盧溝橋大瓦窯) in Beijing, the PRC |
| Total site area: | approximately 44,670 sq.m. |
| Total planned gross floor area: | approximately 119,857 sq.m. |
| Nature of the land use rights: | residential, commercial and other facilities |
| Term of the land use rights: | 70 years for residential, 40 years for commercial and 50 years for offices |
| Land premium: | RMB2,960,000,000 |

We noted from the website of Beijing Municipal Commission of Development and Reform that the Project Company was granted with the project approval for the development of the Dawayao Site on 28 September 2020. We also noted from the “Grant Contract of State-owned Land Use Rights” * (國有建設用地使用權出讓合同) in respect of the Dawayao Site and its supplementary agreement dated 12 August 2020 that the construction and development of the Dawayao Site is expected to be completed by 2024.

4. Industry outlook

Beijing is the capital of the PRC and its gross domestic product ranked second in the PRC consecutively throughout the past few years based on the statistics from the website of National Bureau of Statistics (<http://www.stats.gov.cn/tjsj/>). According to the information published on the website of Beijing Municipal Bureau of Statistics (<http://tjj.beijing.gov.cn/>), the gross domestic product of Beijing for 2019 amounted to approximately RMB3.54 trillion, representing a growth of approximately 6.1% as compared to that of 2018. Meanwhile, the residential commodity properties sold area in Beijing for 2019 was approximately 7.9 million sq.m., representing an increase of approximately 49.8% as compared to that of 2018.

During the 1H2020, as the COVID-19 pandemic spread globally, the world economy was under pressure and disrupted global industry and supply chains, international trade and investment plummeted remarkably and commodity markets witnessed significant volatility. Against this backdrop, the PRC government made coordinated efforts to prevent and control the spread of the pandemic, while steadily advancing its social and economic development. We have conducted research on the economy impact of the outbreak of COVID-19 in Beijing accordingly and spot a trend of gradual recovery in the main economic fields recently. According to latest statistics from the website of Beijing Municipal Bureau of Statistics, the gross domestic product of Beijing for the first three quarters of 2020 amounted to approximately RMB2.58 trillion, maintaining at a similar level as compared to that of the first three quarters of 2019. The residential commodity properties sold area in Beijing for the first three quarters of 2020 was approximately 6.1 million sq.m., representing an increase of approximately 3.7% as compared to that of the first three quarters of 2019.

Fengtai District has a population of over 2.0 million and is one of the six core districts in Beijing. According to the “Fengtai District Plan (Territory Plan) 2017–2035”* (the “**Plan**”) (豐台分區規劃(國土空間規劃) 2017年–2035年) jointly published by Fengtai District People’s Government of Beijing Municipality and Beijing Municipal Commission of Planning and Natural Resources in November 2019, Fengtai District will be a key development area of Beijing in the future and mainly including the following four main areas, namely Capital Business New District, Lize Business District, Fengtai Technology Park and Lugou Bridge National Culture Park. With the convenient and strategic location well-supported by extensive public transport connections, Fengtai District is expected to have overall attractiveness for business and living with a potential for economic growth prospects.

Based on the above, we consider that the prospect of real estate market in Beijing remains positive and there is a potential for economic growth prospects in Fengtai District.

5. Reasons for and benefits of the Equity Transfer

Synergy effects through leveraging on the expertise and the experience of the Purchaser

As disclosed in the Letter from the Board, the Dawayao Site is situated in a prime location overlapping area of Lize Business District and Fengtai Technology Park in Beijing and has geographic advantages as it is adjacent to subway stations and expressways, which brings the Dawayao Site a scarce investment opportunity. The Purchaser is controlled by Capital Group and is authorised by the PRC governmental bodies to engage in the primary land development in the Dawayao Greenbelt, including the Dawayao Site, the Purchaser is responsible for the implementation of Beijing Greenbelt and the primary commercial land development. The Company intends to leverage on the synergies across internal business segments within Capital Group, so as to facilitate the development of the Dawayao Site with the Purchaser, and fully explored its development value.

For our due diligence purpose, we have obtained and reviewed the letter of confirmation on the sale of the Dawayao Site issued by Beijing Municipal Commission of Planning and Natural Resources on 22 July 2020 and the feasibility study report of the Dawayao Site prepared by the Company in July 2020. We noted that the Dawayao Site contains approximately 15,900 sq.m. of green belt industrial land area and adjacent to the Lize Business District and Fengtai Technology Park. We further noted from the “Code for classification of land use for urban & rural planning” jointly published by Beijing Municipal Commission of Planning and Beijing Quality and Technology Supervision Bureau on 21 June 2013, green belt industrial land was allowed to be developed by certain qualified land developers only and was imposed with restrictions on its land usage in accordance to the relevant policies of Beijing Government.

As discussed above, the Purchaser is a well-established municipal infrastructure construction company with profound experience in primary land development projects in greenbelt area. We are of the view that through the Equity Transfer, the combinations of the business connections, knowledge and the experience of the Group with the Purchaser will create synergy effects and be beneficial to the Dawayao Site’s future development, while in line with the Company’s current development strategy to implement a prudent investment strategy in view of the stringent regulatory policies for the real estate industry in the PRC with focus on strengthening the strategic cooperation and synergies between primary and secondary land development as stated in the 2020 Interim Report.

Lowering the capital commitment of the Seller and diversification of its sources of funding and project risks

As stated in the 2020 Interim Report, as the outbreak of COVID-19 gradually subsided in the second quarter of 2020 in the PRC, property markets in the PRC started to recover driven by a surge of market demand. However, measures to restrict home purchases and property loans remained mostly unchanged in general and the PRC real estate industry is under pressure from the stringent industry policies as access to funding for property markets is expected to remain tightly controlled and the regularly imposed measures for pandemic containment will add to further uncertainties and the Group intend to continue implementing a stable investment strategy and explore high-quality financial resources to enrich financing reserves and enhance its ability to withstand risks.

With reference to the Letter from the Board, the introduction of the Purchaser to jointly develop the Dawayao Site with the Seller will not only maintain the Company's dominating management rights in the development of the Dawayao Site, but also to diversify the project risks, reduce the Company's capital investment and increase the return on capital for the development of the Dawayao Site. Also there shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase. We are of the view that the Equity Transfer is expected to lower the capital commitment to be borne by and the liabilities attributable to the Seller which would otherwise be required if the Seller undertakes the development on its own and also provides financial flexibility for the Group for better utilisation of its internal resource.

Having considered that the Equity Transfer is expected to create synergy effects to the future development of the Dawayao Site and lower the capital commitment to be borne by and the liabilities attributable to the Seller and the investment risks faced by the Group in the long run, we are of the view that the Equity Transfer is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 11 November 2020

Parties: (a) the Seller, an indirect wholly-owned subsidiary of the Company; and
(b) the Purchaser.

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- Subject matter:** The Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Equity Interest (representing 14.99% of the registered capital of the Project Company as at the Latest Practicable Date).
- Consideration:** The Consideration for the Equity Interest shall be RMB869,435, which will be paid in cash by the Purchaser to the Seller, and the Capital Contribution, being an amount of RMB14,990,000, by the Purchaser to the Project Company in proportion to the Equity Interest.
- The Capital Increase in the Project Company:** Immediately upon Completion, there shall be the Capital Increase in the registered capital of the Project Company of an aggregate amount of RMB1,380,000,000 on pro rata basis in accordance with the then equity interests of the Seller and the Purchaser in the Project Company. According to their pro-rata basis of 85.01% and 14.99%, the Capital Increase by the Seller and the Purchaser to the Project Company will be RMB1,173,138,000 and RMB206,862,000, respectively. After Completion and the Capital Increase, the total registered capital together with the capital reserves of the Project Company will amount to RMB1,480,000,000.
- The Shareholder's Loan:** There shall be an unsecured Shareholder's Loan of RMB472,185,000 by the Purchaser upon Completion at an interest rate of 7% per annum, of which RMB221,852,000 will be converted into the registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase.
- Conditions:** The Equity Transfer Agreement will be legally effective upon the signing of the Equity Transfer Agreement by the parties, the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the board of directors of the Purchaser and the passing of resolution(s) approving the Equity Transfer Agreement and the transactions contemplated thereunder by the Independent Shareholders of the Company at the EGM in accordance with the Listing Rules.
- Completion:** Completion shall take place on the date of completing of the registration of the changes of the Equity Interest with the relevant PRC authorities.
- The board of directors of the Project Company:** Upon Completion, the Project Company's board of directors shall consist of five directors, among which the Purchaser will appoint one director.

7. Analysis on the fairness and reasonableness of the Consideration under the Equity Transfer Agreement

With reference to the Letter from the Board, the Consideration was determined based on arm's length negotiations between the Seller and the Purchaser on normal commercial terms after taking into account of, among other things, (a) the appraised net assets value of the Project Company of approximately RMB5,800,100 (the "**Appraised NAV**") as at 31 August 2020 (the "**Benchmark Date**"); (b) the registered capital of the Project Company; and (c) the proportion of the Equity Interest to be acquired by the Purchaser.

For our due diligence purpose, we have obtained the calculation in arriving at the Appraised NAV and compared such calculation with the Project Company's audited balance sheet as at the Benchmark Date. We noted that the Appraised NAV and the Project Company's net assets as at the Benchmark Date were approximately RMB5,800,100 and nil, respectively, and the difference between the Appraised NAV and the Project Company's net assets as at the Benchmark Date was mainly due to the upward adjustment on the appraised value of the Dawayao Site, where its appraised value and book value as at the Benchmark Date were approximately RMB2,966,110,600 and RMB2,960,310,000, respectively.

Evaluation of the basis of the Consideration

According to the Letter from the Board, the Appraised NAV is performed by China Enterprise Appraisals Co., Ltd ("**CEA**") (北京中企華資產評估有限責任公司) using asset-based approach, where the book value of all assets and liabilities of the Project Company are analysed, adjusted and appraised individually. We have reviewed the Appraised NAV and held an interview with CEA regarding the methodologies adopted for and the bases and assumptions used.

As advised by CEA, they have considered choosing income approach and market approach as well. The income approach is not considered as the Project Company has not yet obtained the real estate ownership certificate and construction permits as of the Benchmark Date, therefore, the project commencement date and sales schedule are of great uncertainty, which will affect predictability of future income streams. The market approach is not considered due to it determines the market valuation by comparing comparable listed companies or comparable transactions and adjusted individually in terms of the price difference by focusing on factors affecting their respective values, and CEA was unable to identify sufficient comparable listed companies or transactions in this case. CEA considers that asset-based approach to be the most suitable approach for this case as comprehensive information and financials are available to evaluate the assets and liabilities of the Project Company. As confirmed by CEA, asset-based approach is also a common practice adopted for valuation of equity interest of a company and is line with the regulatory requirement of the PRC.

We have also enquired into the qualification and experience of CEA and noted that CEA is an independent qualified valuer who possess the relevant qualification approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission. From China Appraisal Society's official website, we noted that the main signatory Ms. Zhao Liang is a registered Asset Appraiser with over 6 years of experience in valuing asset in PRC. From the information provided by CEA, we are satisfied with the (i) steps and due diligence measures taken by CEA for conducting the valuation of the Project Company; (ii) the scope of services provided under the engagement of CEA is appropriate to the opinion given; and (iii) as confirmed by CEA during our enquiry, there were no limitations on their scope of work. CEA confirms that the Appraised NAV has been prepared in accordance with the PRC standards for asset appraisal. We have not found any material facts which may lead us to doubt the principal bases and assumptions adopted for or the information used in arriving the Appraised NAV. As such, we are of the view that using the Appraised NAV as a basis to determine the Consideration under the Equity Transfer Agreement is fair and reasonable.

The Property Valuation Report

In order to fulfill the requirements under Rule 5.03 of the Listing Rules, the Company has engaged Cushman & Wakefield ("C&W") as the independent professional property valuer to prepare the Property Valuation Report as attached in Appendix I to this Circular. According to the Property Valuation Report, the Dawayao Site is valued at approximately RMB2,965,000,000 (the "**Property Market Value**") as at 31 October 2020. We note that the Property Market Value represents a slight discount to the appraised value of the Dawayao Site.

In compliance with the requirements under Rule 13.80 of the Listing Rules, we have reviewed the Property Valuation Report and discussed with C&W the methodology adopted for and the bases and assumptions used. We noted that C&W conducted a site visit to inspect the Dawayao Site on 13 October 2020. As stated in the Property Valuation Report, C&W has assessed the value of the Dawayao Site by adopting the market approach. Separately, C&W has used, but not relied on, residual approach as a reference.

As advised by C&W, the market approach was applied in preparing the Property Valuation Report by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors, which is a widely accepted approach for valuing land properties. C&W further advised that they have also considered another commonly used approach, namely, the residual approach, however the use of residual approach requires more judgement and assumptions on the hypothetical development costs (including costs of construction, professional fee, finance costs and associated costs) assuming completion of construction at the date of valuation, plus an allowance for developer's risk and profits are deducted from the aforementioned aggregated development costs to arrive at the residual value of the Dawayao Site. As such, C&W considered that it would be difficult to justify the

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relevant projections and therefore the residual approach is not a suitable approach for the valuation of the Dawayao Site but will serve as an internal reference to assess the reasonableness of the valuation under the market approach. Accordingly, C&W considered the market comparison method that employs more observable and recent market data and subject to less hypothetical assumptions and adjustments to be the best approach for the valuation of the Dawayao Site under the then existing circumstance as at the valuation date. In respect of the market approach, C&W further advised us that there were several land parcels that are comparable to the Dawayao Site within Fengtai District of Beijing (the same district as the Dawayao Site is located) transacted within two years prior to the valuation date in terms of its intended usage, its total site area and whether it is vacant at the time of the respective transactions etc.. C&W considers it being the exhaustive list for the period and such period to be a reasonable period for preparing the Property Valuation Report. After considering the reasons for adopting the market approach and the selection bases of the comparable sales evidence for the valuation of the Dawayao Site by C&W, we are of the opinion that the bases, assumptions and methodologies adopted in arriving at the Property Market Value are fair and reasonable.

We have also discussed with C&W regarding their qualifications and experience in relation to the preparation of the Property Valuation Report. We understand that C&W is an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules, and the signatory Ms. Grace S. M. Lam is a registered professional surveyor who has over 25 years of experience in the professional property valuation in the PRC. From the information provided by C&W, we are satisfied with the i) steps and due diligence measures taken by C&W for conducting the valuation of the Dawayao Site; ii) the scope of services provided under the engagement of C&W is appropriate to the opinion given; and (iii) as confirmed by C&W during our enquiry, there were no limitations on their scope of work. C&W further confirms that the Property Valuation Report is prepared in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors and they have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules. We have not found any material facts which may lead us to doubt the principal bases and assumptions adopted for or the information used in the Property Valuation Report.

In light of the above, we consider that the Consideration under the Equity Transfer Agreement to be fair and reasonable.

8. Assessment on the major terms of the Shareholder's Loan

We have discussed with the Company and understood that the terms of the Shareholder's Loan were determined between the Purchaser and the Project Company after arm's length negotiation with reference to key terms of debt financings offered by independent third party financial institutions for three similar property development projects located in the PRC in which the Group was involved and mostly comparable to the Dawayao Site since 2019, with principal amount of the loan not less than RMB1.0 billion and term to maturity not less than one year (the "**Comparable Projects**"), while all of them require the Group to provide collaterals regarding the borrowing. We have obtained such list of the Comparable Projects and noted that:

(i) Interest rate

The interest rates of the Comparable Projects range from approximately 8.5%–9.2% per annum, which is higher than the annual interest rate of the Shareholder's Loan.

(ii) Maturity

Unlike the Comparable Projects, the Shareholder's Loan has no fixed due date which offers the Project Company more flexibility comparatively.

(iii) Security

Unlike the Comparable Projects, the Shareholder's Loan is not secured by any assets of the Group.

We also noted from the 2020 Interim Report that the Group's effective interest rate of long-term borrowings ranges from approximately 3.08% to 8.05% per annum where the annual interest rate of the Shareholder's Loan is within the abovesaid range. As advised by the management of the Company, it is extremely difficult for property developers to raise fund through debt financing for land development in preliminary stage due to the stringent industry policies and the tightly controlled financing for property markets in the PRC and therefore having considered the above, we concur with the Directors' view that, the major terms of the Shareholder's Loan are fair and reasonable so far as the Independent Shareholders are concerned, and that the Shareholder's Loan is conducted on normal commercial terms or better.

9. Reasons and benefits for the Capital Increase

As stated in the Letter from the Board, the Capital Increase by the Seller and the Purchaser to the Project Company was for the main purpose of providing funds to the Project Company for developing and constructing the Dawayao Site, the amount of such funding comprised in the Capital Increase is estimated based on approximately half of the land acquisition costs for the Dawayao Site drawing on the Group's past experience on similar projects to maintain a sufficient level of working capital for the Project Company. In addition, the Board is of the view that the Capital Increase reflects the confidence of the Seller and the Purchaser in the Project Company's business development and the long-term prospects of the Dawayao Site.

For our due diligence purpose, we have discussed with the management of the Company and obtained a list of similar property development projects located in the PRC in which jointly cooperated by the Group and other independent third parties since 2019, with land premium not less than RMB800.0 million and noted that the ratio of the equity capital of the project companies to the relevant land premium ranged from 50% to 52.3%. Accordingly, the proposed ratio of the paid-up capital of the Project Company to the land premium of the Dawayao Site is within such range. We are of the view that a review period of approximately two years is sufficient to reflect the recent market conditions in relation to property development in the PRC, and small property development projects with relatively lower land premium are incomparable, to certain extent, with the Dawayao Site given the differences in development scale and capital requirement. In addition, the amount contributed by the Seller and the Purchaser for the Capital Increase is on pro rata basis in accordance with their then equity interests in the Project Company and there will be no change in the proportion of the Project Company's registered capital held by the Seller and the Purchaser after the Capital Increase, therefore we are of the view that the Capital Increase amount is fair and reasonable so far as the Independent Shareholders are concerned.

Besides, having considered that the Dawayao Site is a scarce investment opportunity and the Equity Transfer is in line with the Company's current development strategy stated in the 2020 Interim Report as abovementioned, the management of the Company is of the view, and we concur that, the Capital Increase can further create synergy effects through strengthening the Project Company's financial position and facilitate the long term development of the Dawayao Site as a whole. Moreover, as the Shareholder's Loan of which RMB221,852,000 will be converted into the registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase as mentioned above, it is expected to reduce the gearing ratio and optimise the capital structure of the Project Company and the Group in long run to cater for the remaining stringent regulatory policies for the real estate industry in the PRC and the tightly controlled access to funding for property development, and to enhance the Project Company's external financing capabilities.

In light of the above, in particular that, (i) the Capital Increase can strengthen the Project Company's financial position and facilitate the long term development of the Dawayao Site; (ii) there will be no change in the proportion of the Project Company's

registered capital held by the Seller and the Purchaser after the Capital Increase; (iii) the amount contributed by the Seller and the Purchaser is on pro rata basis in accordance with their then equity interests in the Project Company; and (iv) the Capital Increase can reduce the gearing ratio and optimise the capital structure of the Project Company and the Group in long run, we are of the view that the Capital Increase is in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole.

10. Financial effects of the Transactions

The Equity Transfer

According to the Letter from the Board, the Consideration for the Equity Interest shall be RMB869,435 and the Group will record a gain/receive a net proceeds of approximately RMB869,000 as a result of the Equity Transfer, subject to the final audit to be performed by the auditors of the Company. As extracted from the 2020 Interim Report, the cash and cash equivalents and net assets of the Group as at 30 June 2020 were approximately RMB32,387,804,000 and RMB45,473,591,000, respectively, and the profit for the 1H2020 attributable to owners of the Company was approximately RMB850,221,000. Given the consideration and the gain expected to be received/recorded by the Group upon Completion are minimal as compared to the financial position of the Group, it is expected to have no immediate material impact in the earnings, the net asset value and the liquidity of the Group upon Completion.

The Capital Increase

As mentioned above, the Shareholder's Loan of which RMB221,852,000 will be converted into the registered capital of the Project Company as the Purchaser's contributions to the Capital Contribution and the Capital Increase, it is expected that the earnings of the Group will be enhanced by the saving of finance cost not more than approximately RMB15,530,000 per annum, while the net asset value of the Group will be increased by RMB221,852,000 and the gearing ratio will be improved as well accordingly upon Completion.

It should be noted that the abovementioned financial effects are for illustrative purpose only and does not purport to represent how the financial position of the Group would be upon Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and that the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
TUS Corporate Finance Limited

Michael Ngai
Managing Director

Mr. Michael Ngai is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of TUS Corporate Finance Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He has over 15 years of experience in the finance and investment banking industry.

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest of the Company as at 31 October 2020.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

31 January 2021

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

Dear Sirs,

Re: Valuation of the development site Plot Nos. DWY-L39 and DWY-L45, Dawayao, Fengtai District, Beijing, the PRC

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Beijing Capital Land Ltd. (the “**Company**”) for us to value the property held by the Company or its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property as at 31 October 2020 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

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

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

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

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

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

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

METHOD OF VALUATION

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

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

In the course of our valuation, we have considered the differences between the subject property and the comparable properties in terms of various factors and accordingly made due adjustments, including but not limited to the transaction time, location and

environment, transport and accessibility, land use, size, plot ratio, development constraints, etc. If the comparable is similar to the subject property, no adjustment is necessary. However, if the comparable is superior to the subject property, downward adjustment would be made in order to derive the lower unit rate of the subject property. Likewise, if the comparable is inferior to the subject property, upward adjustment would be made.

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

Fengtai Comparable A and Shijingshan Comparable D are similar in terms of locality and environment and thus no adjustments were required. Fengtai Comparable B is situated in a relatively superior location and downward adjustment was made whilst Fengtai Comparable C is situated in a relatively inferior location and upward adjustment was made.

Fengtai Comparable A and Fengtai Comparable C are larger than the subject site and upward adjustments were made to illustrate a higher rate per square meter in the smaller subject site. The other two comparables are of similar size as the subject site and thus no adjustment is required.

Fengtai Comparable C and Shijingshan Comparable D are inferior in terms of transport and accessibility and thus upward adjustments were made. The other two comparables are similar in this aspect and no adjustments are necessary.

Fengtai Comparable B is inferior in terms of land use and level of utility connections whilst Fengtai Comparable C is inferior in terms of land grade and development scale, therefore upward adjustments were made. Shijingshan Comparable D has better utility connections and slight downward adjustment was made. Fengtai Comparable A is very similar to the subject property in terms of the above factors and no adjustment is made.

Since there are more construction covenants imposed onto the development of the subject site when compared to the comparables, downward adjustments were made to illustrate the lower unit rate due to this greater liability.

Fengtai Comparable A is most relevant whilst the unit rates of the other three comparables after due adjustments are close to and principally reconcile with one another as well as that of Fengtai Comparable A.

MARKET UNCERTAINTY

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may

fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on property values after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the valuation date.

SOURCE OF INFORMATION

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

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

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

SITE INSPECTION

Ms. Dorothy Deng, Valuer of our Beijing Office, inspected the exterior and, wherever possible, the interior of the property on 13 October 2020. She has about 2 years' experience in property valuation in the PRC. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

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

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

CURRENCY

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

OTHER DISCLOSURE

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

We enclose herewith our valuation report for your attention.

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

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

VALUATION REPORT

Property held by the Group for future development in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 October 2020 |
|--|--|---|--|
| The development site Plot Nos. DWY-L39 and DWY-L45, bordering Dawayao 1st Road and 3rd Road to the north, Jingzhou Highway to the south, Dawayao Middle Road and Dawayao 4th Road to the west, Dawayao, Fengtai District, Beijing, the PRC | <p>The property comprises two parcels of land (Plot Nos. DWY-L39 and DWY-L45) with a total site area of 40,470.313 square-meter.</p> <p>The property is located at the center of Fengtai District. Developments nearby are mainly residential in nature. The property is served by public bus routes and is close to the Dawayao subway station.</p> | As at the Valuation Date, the property was a vacant land pending development. | RMB2,965,000,000 (RENMINBI TWO BILLION NINE HUNDRED AND SIXTY-FIVE MILLION) |
| (中華人民共和國，北京市，豐台區，大瓦窯，北至大瓦窯一號路及三號路，南至京周公路，西至大瓦窯中路及大瓦窯四號路，DWY-L39及DWY-L45地塊之土地) | The land use rights of the property have been granted for terms of 70 years for residential use, 50 years for office use and 40 years for commercial use. | | |

Notes:

- (1) According to the Grant Contract of State-owned Land Use Rights (國有建設用地使用權出讓合同) and its Supplementary Agreement (hereinafter together referred to as the “**Grant Contract**”) dated 12 August 2020, the land use rights of the property have been contracted to be granted to Shoujin Qizhi (Tianjin) Investment Management Co., Ltd.* (首金祺志(天津)投資管理有限公司) (hereinafter referred to as “**Shoujin Qizhi (Tianjin)**”) with details as follows:

| | | |
|------------------------------|---|--|
| Contract Number | : | Jing Di Chu (He) Zi (2020) No. 0096 |
| Land Use | : | Residential, office and commercial |
| Site Area | : | Plot No. DWY-L45 : 15,900.00 square-meter Plot No. DWY-L39 : <u>24,570.313 square-meter</u> Total : 40,470.313 square-meter |
| Land Use Term | : | 70 years for residential use, 50 years for office use, 40 years for commercial use |
| Plot Ratio | : | No more than 2.8 for plot DWY-L39 No more than 3.0 for plot DWY-L45 |
| Permissible Gross Floor Area | : | Plot No. DWY-L45 : 47,700 square-meter Plot No. DWY-L40 : 3,360 square-meter Plot No. DWY-L39 : <u>68,797 square-meter</u> Total : 119,857 square-meter |

Remarks:

- (i) an industrial-use building with an above-ground gross floor area of 47,700 square-meter should be provided on Plot No. DWY-L45 at no compensation to Dawayao Village Committee (Beijing Jingwei Chengxin Investment Co.,), (北京經緯誠信投資公司) and the construction standard should be no less than RMB5,500 per square-meter;
- (ii) Plot No. DWY-L40 with a site area of 4,200 square-meter is not granted to the Company. However, a kindergarten with a gross floor area of 3,360 square-meter is liable to be constructed and transferred upon completion at no compensation to relevant government departments of Fengtai District;
- (iii) out of 68,797 square-meter permissible gross floor area, 1,150 square-meter buildings (including 150 square-meter community centers, 800 square-meter nursing home and 200 square-meter elderly activity centers) should be transferred upon completion at no compensation to relevant government departments of Fengtai District. Therefore, the grantee is entitled to develop 67,647 square-meter for residential use.

Land Premium : RMB2,960,000,000

Remarks: As advised by the Company, the land premium has been fully settled.

Building Covenant : To commence construction before 29 July 2021;
To complete construction before 29 July 2024

- (2) According to a Supplementary Agreement of the Grant Contract dated 1 September 2020, the assignee of the Grant Contract has been changed to Beijing Chuangyue Xinke Investment Management Co., Ltd.* (北京創閱新科置業有限公司) (hereinafter referred to as “**Beijing Chuangyue Xinke**”).
- (3) According to Business Licence No. 91110106MA01TXYM21 dated 31 July 2020, Beijing Chuangyue Xinke was established as a limited company on 31 July 2020 with a registered capital of RMB100,100,000 for a valid operating period from 31 July 2020 to 30 July 2040.
- (4) We have been provided with a legal opinion on the title of the property issued by the Company’s PRC legal adviser which contains, inter-alia, the following information:
- (a) The Grant Contract and its Supplementary Agreements between Beijing Municipal Commission of Planning and Natural Resources (北京市規劃和自然資源委員會) and Shoujin Qizhi (Tianjin) are valid, legal and enforceable under the PRC laws;
- (b) After the assignee of the Grant Contract has been changed to Beijing Chuangyue Xinke, Beijing Chuangyue Xinke should abide by the Grant Contract and its Supplementary Agreements;
- (c) In accordance with relevant laws and regulations, Beijing Chuangyue Xinke is entitled to obtain legal, valid and complete land use rights proof, relevant certificates and approval of construction of the property, and building ownership certificate of the property;
- (5) The status of title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

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

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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).
- (b) As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had or was deemed to have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (c) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (d) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.
- (e) There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

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

| Name of Shareholders | Number of Shares directly and indirectly held Class of shares | | Approximate percentage in relevant class of shares (%) | | | Approximate percentage in total issued share capital (%) | | |
|--|--|-------------------|--|---------------------------|---------------------|--|--------------------------|---------------------|
| | | | Direct interests | Indirect interests | Aggregate interests | Direct interests | Indirect interests | Aggregate interests |
| Capital Group | 2,473,808,550 (Note 1) | Non-listed Shares | 87.36% (long position) | — | 87.36% | 56.70% (long position) | — | 56.70% |
| Beijing Rongtong Zhenghe Investment Management Co. Ltd.* | 357,998,300 (Note 1 & 2) | Non-listed Shares | — | 12.64% (long position) | 12.64% | — | 8.21% (long position) | 8.21% |
| Guoda Limited | 357,998,300 (Note 3) | Non-listed Shares | — | 12.64% (long position) | 12.64% | — | 8.21% (long position) | 8.21% |
| China Resource Products Limited | 357,998,300 (Note 4) | Non-listed Shares | 9.72% (long position) | 2.92% (long position) | 12.64% | 6.31% (long position) | 1.90% (long position) | 8.21% |
| Yieldwell International Enterprise Limited | 82,762,000 | Non-listed Shares | 2.92% (long position) | — | 2.92% | 1.90% (long position) | — | 1.90% |
| Reco Pearl Private Limited | 181,194,000 | H Shares | 11.83% (long position) | — | 11.83% | 4.15% (long position) | — | 4.15% |
| Recosia China Pte Ltd. | 181,194,000 (Note 5) | H Shares | — | 11.83% (long position) | 11.83% | — | 4.15% (long position) | 4.15% |
| Recosia Pte Ltd. | 181,194,000 (Note 6) | H Shares | — | 11.83% (long position) | 11.83% | — | 4.15% (long position) | 4.15% |
| GIC (Realty) Private Limited | 181,194,000 (Note 7) | H Shares | — | 11.83% (long position) | 11.83% | — | 4.15% (long position) | 4.15% |

Notes:

1. 2,473,808,550 Shares are directly held by Capital Group. As at the Latest Practicable Date, China Resource Products Limited is held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group is not deemed to be interested in 275,236,200 Shares held through China Resource Products Limited and 82,762,100 Shares held through China Resource Products Limited and Yieldwell International Enterprise Limited pursuant to the SFO.
2. 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited and China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited, China Resources Products Limited and Yieldwell International Enterprise Limited.
3. 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resources Products Limited and Yieldwell International Enterprise Limited.
4. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
5. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
6. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd..
7. 181,194,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

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

4. EXPERTS' QUALIFICATION AND CONSENT

The following is the qualification of the experts who have given opinions or advices for inclusion in this circular:

| Name | Qualification |
|-------------------------------|---|
| TUS Corporate Finance Limited | a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| Cushman & Wakefield Limited | an independent property valuer |

The letter, report and/or opinion from each of the above experts is given as of the Latest Practicable Date for incorporation in this circular. Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s) and/or opinion(s) (as the case may be) and the references to its name included herein in the form and context in which it is respectively included.

Each of the above experts has confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. MATERIAL CHANGE

Based on preliminary information available to the Company, the Group's net profit attributable to owners of the Company for the year ended 31 December 2020 is expected to decrease by 45% to 60% as compared to the net profit attributable to owners of the Company for the year ended 31 December 2019, mainly due to the various impact of the COVID-19 pandemic on the development and sales of properties, primary land development and outlet business of the Group, as well as the slowdown of sales of properties in the core development regions of the Group and the pressure on the gross profit of some projects resulting from the national macro adjustment policy for real estate. Please refer to the Company's profit warning announcement dated 29 January 2021 for further details.

Save and except as mentioned above, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up) and up to the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the place of business of the Company in Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Board, the text of which is set out on pages 4 to 12 of this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 13 of this circular;

- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 14 to 31 of this circular;
- (d) the written consent referred to in the paragraph headed “Experts’ Qualification and Consent” in this appendix;
- (e) the Equity Transfer Agreement; and
- (f) this circular.

NOTICE OF EGM



首創置業股份有限公司

BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Beijing Capital Land Ltd. (the “**Company**”) will be held on 9:00 a.m. on 19 February 2021 at Block A, Fucheng Building, No. 98, Beilishi Road, Xicheng District, Beijing, the People’s Republic of China (the “**PRC**”) to consider and, if thought fit, pass the following resolution. Capitalised terms defined in the circular dated 31 January 2021 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTION

“THAT

- (a) entering into of the Equity Transfer Agreement (as defined in the Circular), a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for identification purpose and the terms and conditions thereof and the transactions contemplated thereunder (including, among other things, the Equity Transfer, the Capital Increase and the Shareholder’s Loan) be and are hereby approved, confirmed, authorised and ratified; and
- (b) any one Director be and is hereby authorised to implement and take all steps and to do all acts and things which in his opinion may be necessary or desirable to give effect and/or to complete or in connection with the Equity Transfer Agreement and the transactions contemplated thereunder, including, without limitation, to approve any changes and amendments thereto, to obtain all necessary approvals from, and make all relevant registrations and filings with, the relevant PRC and other authorities, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder.”

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

Hong Kong, 31 January 2021

NOTICE OF EGM

Notes:

1. Voting arrangements

As disclosed in the Circular, Capital Group, together with China Resource Products Limited and Yieldwell International Enterprise Limited, and any Shareholder who has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, will abstain from voting on the resolutions to be proposed at the EGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

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

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

2. Proxy

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

3. Miscellaneous

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

NOTICE OF EGM

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

Block A, Fucheng Building
No. 98, Beilishi Road
Xicheng District
Beijing
the People's Republic of China
Telephone: 86-10-6192 8888
E-mail: ir@bjcapitalland.com.cn

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

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

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