
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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Beijing Properties (Holdings) Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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BEIJING PROPERTIES (HOLDINGS) LIMITED

北京建設（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RELATING TO THIRD SUPPLEMENTAL AGREEMENT ON DEPOSIT SERVICES AND NOTICE OF SPECIAL GENERAL MEETING

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



元庫證券有限公司
Silverbricks Securities Company Limited

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from Silverbricks is set out on pages 16 to 36 of this circular.

The SGM of the Company will be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 29 December 2022 at 11:00 a.m. A notice convening the SGM is set out on pages 49 to 51 of this circular.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (or any adjourned meeting thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or at any adjourned meeting thereof) should you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

To safeguard the health and safety of shareholders of the Company and to prevent the spreading of the novel coronavirus disease (COVID-19) pandemic, the following precautionary measures will be implemented at the special general meeting:

- (1) Limiting the number of the SGM attendees to avoid over-crowding
- (2) Maintaining an appropriate social distancing between seats
- (3) Compulsory body temperature screening/checks
- (4) Compulsory wearing of surgical face mask
- (5) No provision of food or beverages and no distribution of gifts

For the health and safety of shareholders of the Company, the Company would strongly encourage shareholders of the Company to exercise their right to vote at the SGM by appointing the chairman of the special general meeting as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.

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DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is a substantial shareholder of the Company
“BG Finance”	Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司), a company incorporated in the PRC with limited liability and is an associate of BE Group
“Board”	the board of Directors
“Cap(s)”	the maximum amounts of daily outstanding deposits balance placed by the Group with BG Finance (including the corresponding interest accrued thereon) on any given day during the term of the Deposit Services Master Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and/or the Third Supplemental Agreement
“Company”	Beijing Properties (Holdings) Limited (stock code: 925), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the deposit services which are provided by BG Finance to the Group under the Deposit Services Master Agreement
“Deposit Services Master Agreement”	the deposit services master agreement entered into between the Company and BG Finance on 29 June 2015 (as amended and supplemented from time to time)
“Director(s)”	the director(s) of the Company
“First Supplemental Agreement”	the first supplemental agreement entered into between the Company and BG Finance on 28 April 2017 in relation to the revision of certain provisions of the Deposit Services Master Agreement

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed for the purposes of advising the Independent Shareholders with respect to the Third Supplemental Agreement, the proposed new Caps and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than BE Group and its associates
“Latest Practicable Date”	6 December 2022, being the latest practicable date prior to 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
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the second supplemental agreement entered into between the Company and BG Finance on 29 October 2019 in relation to the revision of certain provisions of the Deposit Services Master Agreement
“SFO”	the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Third Supplemental Agreement, the proposed new Caps and the transactions contemplated therein, including any adjournment thereof
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Silverbricks”	Silverbricks Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the reasonableness and fairness of the terms of the Third Supplemental Agreement, the proposed new Caps and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Third Supplemental Agreement”	the third supplemental agreement entered into between the Company and BG Finance on 25 October 2022 in relation to the revision of certain provisions of the Deposit Services Master Agreement
“%”	per cent

For the purpose of illustration in this circular, figures in Renminbi are translated into Hong Kong dollars at the approximate exchange rate of RMB0.89763 to HK\$1.0000. In addition, all the English translation of certain Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

* *For identification purpose only*

LETTER FROM THE BOARD



BEIJING PROPERTIES (HOLDINGS) LIMITED

北京建設（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

Executive Directors:

Mr. Qian Xu
Mr. Zhao Jiansuo
Mr. Siu Kin Wai
Mr. Zhang Xudong
Mr. Dong Qilin
Mr. Cheng Ching Fu
Mr. Yu Luning
Mr. Ng Kin Nam
Mr. Ren Lin

Independent Non-Executive Directors:

Mr. Goh Gen Cheung
Mr. Zhu Wuxiang
Mr. James Chan
Mr. Song Lishui
Mr. Xie Ming

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principle place of
business in Hong Kong:*

66th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

12 December 2022

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
RELATING TO THIRD SUPPLEMENTAL AGREEMENT ON
DEPOSIT SERVICES AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcements dated 25 October 2022, 14 November 2022 and 5 December 2022 in relation to the Third Supplemental Agreement on Deposit Services.

LETTER FROM THE BOARD

The utilisation of Deposit Services by the Group under the Third Supplemental Agreement constitutes (i) a major transaction of the Company subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with further information regarding, among other things, (i) further information on the Third Supplemental Agreement and the proposed new Caps, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from Silverbricks, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders, (iv) other information as required by the Listing Rules, and (v) the notice of the SGM.

BACKGROUND

Reference is made to the announcements of the Company dated 29 June 2015, 28 April 2017 and 29 October 2019 in relation to Deposit Services Master Agreement, the First Supplemental Agreement and the Second Supplemental Agreement respectively. The Company entered into the Third Supplemental Agreement with BG Finance in relation to extension of the term of the Deposit Services Master Agreement and the proposed new Caps.

THE THIRD SUPPLEMENTAL AGREEMENT

Date: 25 October 2022 (after trading hours)

Parties: (1) The Company

(2) BG Finance

Further information about BG Finance is set out in the paragraph headed "Information of the Company and BG Finance" below.

Subject matter

Pursuant to the Third Supplemental Agreement, the parties have agreed to extend the term of Deposit Services Master Agreement for three financial years ending 31 December 2025 and to provide for new annual Caps of HK\$400 million for each financial year during the extended term for the continuing connected transactions contemplated thereunder. Save as the said revision, all other terms of the Deposit Services Master Agreement shall remain unchanged. The Third Supplemental Agreement shall be effective from the date of obtaining the Independent Shareholders' approval at the SGM.

LETTER FROM THE BOARD

Term

The Deposit Services Master Agreement will be expired on 31 December 2022. Pursuant to the Third Supplemental Agreement, the term of the Deposit Services Master Agreement will be extended to 31 December 2025.

Interest Rates of Deposits

The rate at which interest will accrue on any deposit placed by the Group with BG Finance under the Deposit Services Master Agreement will not be lower than the following:

- (a) the basis interest rate announced by the People's Bank of China for the same type of deposits for the same period;
- (b) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits for the same period; and
- (c) the interest rates offered by BG Finance to other members of BE Group for the same type of deposits.

Condition precedent

The Third Supplemental Agreement will take effect after the fulfilment of the following condition precedent:

- the compliance with the requirement of Independent Shareholders' approval under the Listing Rules.

LETTER FROM THE BOARD

PROPOSED NEW CAPS

Historical Amounts of Deposit Balances

The maximum amounts of daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) for the two financial years ended 31 December 2021 and the nine months ended 30 September 2022, and the approved Caps for each of the corresponding periods were as follows:

	For the year ended		For the nine
	31 December	31 December	months ended
	2020	2021	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
Maximum amounts of daily outstanding deposits balance for the year/period	396	399	399
Approved Caps	400	400	400

Proposed New Caps of Deposit Balances

The proposed new Caps for the maximum amounts of daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) during the three financial years ending 31 December 2025 are as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Proposed new Caps	400	400	400

In determining the proposed new Caps for the Deposit Services for the three financial years ending 31 December 2025, the Company has taken into account of the following; (i) the historical amounts of the maximum amounts of daily outstanding deposits balance placed by the Group with BG Finance; and (ii) the reference to the latest amount of the Group's cash and cash equivalents available. As at 30 September 2022, the amount of cash and bank balances of the Group was approximately HK\$0.63 billion.

LETTER FROM THE BOARD

Internal Controls and Risk Management Measures

The Company has adopted and will continue to adopt the following internal control and risk management control measures on the Deposit Services:

1. the Group utilises the services of BG Finance on a voluntary, non-exclusive basis and is not obliged to engage BG Finance for Deposit Services. BG Finance is merely one of the financial institutions which provide services to the Group;
2. before placing a deposit with BG Finance, the treasury department of the Group will check the interest rates offered by BG Finance against those provided by at least two to three major independent commercial banks that have established business relationship with the Group through phone or email, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other independent domestic commercial banks in the PRC and Hong Kong;
3. the treasury department of the Group will report to the Chief Financial Officer who will take the best interest rates between BG Finance and the commercial banks;
4. the treasury department of the Group will closely monitor the aggregate amounts of deposits placed with BG Finance to ensure that the total balance is less than the applicable Caps from time to time;
5. the treasury department of the Group will report the total balance of the deposits placed with BG Finance to the Chief Financial Officer of the Company on a monthly basis; and
6. the treasury department of the Group will request BG Finance to provide it with sufficient information on various financial indicators and annual financial statements so that the Company is able to monitor and review the financial conditions of BG Finance. According to the Deposit Services Master Agreement, BG Finance must notify the Company on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Company considers that any material adverse changes have occurred in the financial conditions of BG Finance, the Company will adopt appropriate measures (including early withdrawal of deposits or suspend the placement of further deposits) to safeguard the interests of the Company.

Financial effects of the deposits placed by the Group under the Deposit Services Master Agreement

The Directors are of the opinion that the deposits placed by the Group with BG Finance under the Deposits Services Master Agreement will not have material impact on the earnings, assets and liabilities of the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE THIRD SUPPLEMENTAL AGREEMENT

In accordance with the latest liquidity position, the Group has proposed to dispose of some of its projects and plans to obtain new debts financing, including but not limited to continual financial support and funding from BE Group, the ultimate controlling Shareholder of the Company, in order to satisfy the repayment of existing guaranteed bonds and loans being due in 2023. The Group's business development model is divided into four stages, which are: financing – investment – cultivation and disposal. Cash generated from the disposal of the Group's projects is its major source of income which will then be utilised for, among others, debt reduction, reinvestment in new projects and internal fund allocation as part of the Group's business model. Therefore, the Group will continue to dispose of its mature projects to sustain the new investment and development of the Group. Nevertheless, due to the short term outlook for the global economy and the impact brought by the COVID-19 outbreak on the PRC's economy, the Group has been particularly cautious in formulating and implementing investment plans. If any internal fund cannot be immediately deployed to the new projects in the pipeline, the Group would prefer to take a conservative approach to manage the idle fund such as placing fixed deposit with financial institutions.

The total amount of deposits that may be placed by the Group with BG Finance would be limited to the Caps. According to the past experience, the Caps allow BG Finance to compete with other independent commercial banks for the Group's deposits up to the amount of such Caps and the other independent commercial banks may need to consider offering deposit interest rates (or other terms) more favourable to the Group. In the long run, this strategy would create a healthy competition between other independent commercial banks and BG Finance, which in turn brings financial benefits to the Group. In addition, the Caps would only represent the maximum amount of deposit balance placed with BG Finance at certain point of time, it does not mean that the Group would necessarily place a fixed deposit with BG Finance over a long period of time. The Group may, at its sole discretion, determine whether and when to place deposits with BG Finance according to, among others, (i) the deposit interest rates and other commercial terms offered by BG Finance and other independent commercial banks; (ii) the availability of idle funds; and (iii) the overall investment and development plans of the Group. The proposed new Caps for each of the three years ending 31 December 2023, 2024 and 2025 are intended to provide greater flexibility in the management of the Group's cash resources.

The Group has to maintain deposits and other bank balances with independent commercial banks in Hong Kong and the PRC from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business. The Deposit Services have been conducted on normal commercial terms and the deposit interest rates offered by BG Finance to the Group for comparable deposits will be equal to or more favourable to the Group than those offered by other independent commercial banks in Hong Kong and the PRC. The Group is also in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk.

LETTER FROM THE BOARD

For the avoidance of doubt, the Deposit Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent commercial banks in Hong Kong and the PRC as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

The Deposit Services Master Agreement will be expired on 31 December 2022. By entering into the Third Supplemental Agreement, the Group can continue to utilise the Deposit Services provided by BG Finance.

As none of the Directors has a material interest in the Third Supplemental Agreement, no Director has abstained from voting on the relevant board resolutions of the Company.

The Directors (including the independent non-executive Directors) consider that the Third Supplemental Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the Third Supplemental Agreement (together with the relevant proposed new Caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND BG FINANCE

The Company

The Company is an investment holding company. The Group is principally engaged in investment, development and operation of (i) high-end and modern general warehouses; (ii) cold chain logistics warehouses; (iii) specialised wholesale market for the trading and distribution of local agricultural products; (iv) modernized industrial plants; and (v) investments in commercial properties and primary land development.

BG Finance

BG Finance is incorporated in the PRC with limited liability, a non-bank financial institution established and commenced business in 2013 with the approval of China Banking Regulatory Commission. BG Finance acts as a platform of BE Group for provision of intra-group facilities through financial products, including deposit-taking, money-lending and custodian services. The ultimate beneficial owner of BE Group is The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會). As at 31 December 2021, according to the audited financial statements of BG Finance, the amount of the total assets of BG Finance was approximately RMB19 billion (equivalent to approximately HK\$21.17 billion). As at the Latest Practicable Date, BG Finance was wholly owned by BE Group and its associates in the following manner (i) BE Group held a 35.14% equity interest; (ii) Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), which was an indirect wholly-owned subsidiary of Beijing Enterprises Holdings Limited (“BEHL”), held a 24.8% equity interest; (iii) Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), which was an indirect non-wholly owned subsidiary of BEHL, held a 11.08% equity interest; (iv) BEHL, which was an indirect

LETTER FROM THE BOARD

non-wholly owned subsidiary of BE Group, held a 8.91% equity interest; (v) Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心), which was an indirect wholly-owned subsidiary of BE Group, held a 6.69% equity interest; (vi) Beijing Enterprises Water Group Limited, which was an associated company of BEHL, held a 6.69% equity interest; and (vii) Beijing General Municipal Engineering Design & Research Institute Co., Ltd.* (北京市市政工程設計研究總院有限公司), which was a wholly-owned subsidiary of BE Group, held a 6.69% equity interest, in BG Finance respectively.

IMPLICATIONS OF THE LISTING RULES

As the Company's ultimate controlling Shareholder, which is BE Group, owns not less than 30% equity interest in BG Finance, BG Finance is an associate of BE Group and is therefore a connected person of the Company. The Deposit Services under the Third Supplemental Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios (except for the profits ratio which is not applicable) for the utilisation of Deposit Services under the Third Supplemental Agreement is higher than 25% but less than 100% on an annual basis, the utilisation of Deposit Services under the Third Supplemental Agreement constitutes (i) a major transaction of the Company subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Deposit Services under the Third Supplemental Agreement. Independent financial advisers have been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Third Supplemental Agreement and the proposed new Caps.

BE Group and its associates are required to abstain from voting in respect of the proposed resolution to approve the Third Supplemental Agreement (including the proposed new Caps) in the SGM.

SGM

Set out on pages 49 to 51 of this circular is a notice convening the SGM which will be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on 29 December 2022, Thursday at which resolutions will be proposed to approve, among others, the Third Supplemental Agreement, the proposed new Caps and the transactions contemplated.

The Third Supplemental Agreement and the proposed new Caps are subject to, among other things, the approval by the Independent Shareholders at the SGM to be taken by way of a poll. BE Group (including its associates) shall abstain from voting for the relevant resolution at the

LETTER FROM THE BOARD

SGM due to their interests in the concerned transactions. Other than the above, no other Shareholders have material interest in the above transactions and will abstain from voting at the SGM. As at the Latest Practicable Date, BE Group (including its associates) controls or is entitled to control over the entire voting right in respect of 4,659,292,560 Shares (representing about 66.85% of the issued share capital of the Company). Therefore, a total of 4,659,292,560 Shares (representing approximately 66.85% of the issued share capital of the Company) shall abstain from voting at the SGM. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon BE Group (including its associates); and (ii) no obligation or entitlement of BE Group (including its associates) as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the SGM is enclosed. Whether or not you propose to attend the SGM, you are requested to complete the form of proxy and return the same to Tricor Tengis Limited, the Company's branch share registrar in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders whether the terms of the Third Supplemental Agreement and the proposed new Caps are fair and reasonable so far as the Independent Shareholders are concerned and Silverbricks has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The advice of Silverbricks to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 36 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 14 to 15 of this circular.

The Independent Board Committee, having taken into account the advice of Silverbricks, is of the opinion that the terms of the Third Supplemental Agreement and the transactions contemplated thereunder are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

The Board considers that the terms of the Third Supplemental Agreement and the proposed new Caps are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

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

By Order of the Board
Beijing Properties (Holdings) Limited
Cheng Ching Fu
Company Secretary

* *For identification purpose only*



BEIJING PROPERTIES (HOLDINGS) LIMITED

北京建設（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

12 December 2022

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
RELATING TO THIRD SUPPLEMENTAL AGREEMENT ON
DEPOSIT SERVICES**

We refer to the circular dated 12 December 2022 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Third Supplemental Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Third Supplemental Agreement and the proposed new Caps, and to recommend how the Independent Shareholders should vote at the SGM. Silverbricks has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 13 of the Circular, and the letter from Silverbricks to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Third Supplemental Agreement and the proposed new Caps, as set out on pages 16 to 36 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice of Silverbricks, we consider that the terms of the Third Supplemental Agreement and the transactions contemplated thereunder are (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Third Supplemental Agreement, the proposed new Caps and the transactions contemplated thereunder.

Yours faithfully,

the Independent Board Committee

Zhu Wuxiang
*Independent non-executive
Director*

Goh Gen Cheung
*Independent non-executive
Director*

James Chan
*Independent non-executive
Director*

Song Lishui
Independent non-executive Director

Xie Ming
Independent non-executive Director

LETTER FROM SILVERBRICKS

The following is the text of a letter of advice from Silverbricks to the Independent Board Committee and the Independent Shareholders in respect of the Third Supplemental Agreement, and is prepared for inclusion in this circular.



Rooms 1004–1006, 10/F.
China Merchants Tower
ShunTak Centre
168–200 Connaught Road Central
Sheung Wan, Hong Kong

12 December 2022

*To the Independent Board Committee and
the Independent Shareholders of
Beijing Properties (Holdings) Limited*

Dear Sirs and Madams,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RELATING TO THIRD SUPPLEMENTAL AGREEMENT ON DEPOSIT SERVICES

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the Third Supplemental Agreement and the transactions contemplated thereunder (including the proposed new Caps) (the “**Transaction**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 12 December 2022 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular.

1. Background of the Transaction

1.1 The Deposit Services Master Agreement and the First Supplemental Agreement

References are made to the announcements of the Company dated 29 June 2015 and the announcement of the Company dated 28 April 2017.

On 29 June 2015, the Company entered into the Deposit Services Master Agreement with BG Finance, pursuant to which, the Group, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time.

LETTER FROM SILVERBRICKS

On 28 April 2017, the Company and BG Finance entered into the First Supplemental Agreement to revise the annual caps in relation to the provision of the Deposit Services and extend the term of the Deposit Services Master Agreement.

1.2 The Second Supplemental Agreement

Reference is made to the announcement of the Company dated 29 October 2019.

On 29 October 2019, the Company entered into the Second Supplemental Agreement with BG Finance, pursuant to which, among other things, (i) the terms of the Deposit Service Master Agreement had been extended to 31 December 2022; and (ii) the annual Caps under the Deposit Services Master Agreement were revised to HK\$400 million for the financial years ending 31 December 2020, 2021 and 2022, respectively.

Save as the aforesaid, all other terms and conditions as set out in the Deposit Services Master Agreement remains unchanged.

1.3 The Third Supplemental Agreement

Reference is made to the Letter and the Announcement.

On 25 October 2022, the Company entered into the Third Supplemental Agreement with BG Finance, pursuant to which, among others (i) the terms of the Deposit Services shall be extended to 31 December 2025; and (ii) the proposed new annual Caps under the Deposit Services Master Agreement shall be remain as HK\$400 million for the financial years ending 31 December 2023, 2024 and 2025.

Save as the aforesaid, all other terms and conditions as set out in the Deposit Services Master Agreement remains unchanged.

2. Implications under the Listing Rules

As at the Latest Practicable Date, BE Group, which is the ultimate controlling shareholder of the Company, owns more than 30% equity interest in BG Finance, therefore BG Finance is an associate of BE Group under the Listing Rules. Accordingly, each of BE Group and BG Finance is a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable ratios (except for the profits ratio which is not applicable) in respect of the proposed new Caps under the Third Supplemental Agreement exceeds 25% but less than 100% on an annual basis, the transactions contemplated thereunder constitute (i) a major transaction of the Company subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming, has been established to consider and advise the Independent Shareholders as to whether the terms of the Third Supplemental Agreement and the transactions contemplated thereunder (including the new proposed Caps) are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Third Supplemental Agreement and the transactions contemplated thereunder (including the new proposed Caps) are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

OUR INDEPENDENCE

We, Silverbricks Securities Company Limited (“**Silverbricks**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

Silverbricks is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities.

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Silverbricks and the Company or any other parties that could be reasonably be regarded as hindrance to Silverbricks’s independence as set out under Rule 13.80 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or

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associates. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules and are eligible to give independent advice on the terms of the Third Supplemental Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Third Supplemental Agreement and the transactions contemplated thereunder, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Therefore, we have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided in the Circular. We have, however, not conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the release of the Circular and will continue to be true up to the Latest Practicable Date, and that the Independent Shareholders will be informed as soon as reasonable possible if we are aware of any material change to such representations and/or any change to our view/opinion. We have also assumed that the information we have relied on as set out in this letter will be valid up to the time of the SGM and we are not aware any of the information we have relied on as set out in this letter will change or become invalid in the foreseeable future.

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We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transaction, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Third Supplemental Agreement and the transactions contemplated thereunder, except for its inclusion in the Circular, 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 arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transaction

On 25 October 2022, the Company entered into the Third Supplemental Agreement with BG Finance.

1.1 Information of the Company and the Group

The Company is a company incorporated in Bermuda with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the holding company of the Group.

(a) Principal business of the Group

The Group is principally engaged in investment, development and operation of (i) high-end and modern general warehouses; (ii) cold chain logistics warehouses; (iii) specialised wholesale market for the trading and distribution of local agricultural products; (iv) modernized industrial plants; and (v) investments in commercial properties and primary land development.

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(b) *Financial position of the Group*

Set out below is a summary of the Group's (i) audited consolidated financial position as at 31 December 2021 and unaudited financial position as at 30 June 2022 as extracted from the announcement of interim results of the Company for the six months ended 30 June 2022 (the "2022 Interim Results").

	As at 31 December 2021	As at 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Non-current assets	14,366,903	10,671,922
Current assets		
– Properties under development	1,811,752	43,246
– Properties held for sale	99,083	1,948,627
– Inventories	68,498	190,216
– Trade receivables	90,522	113,745
– Prepayments, other receivables and other assets	240,818	298,059
– Due from joint ventures	57,841	5,720
– Due from related companies	–	112
– Pledged and restricted bank deposits	99,973	3,691
– Cash and cash equivalents	1,087,321	772,330
	3,555,808	3,375,646
Assets of disposal group classified as held for sale	4,099,819	6,067,569
Total current assets	7,655,627	9,443,215
Total assets	22,022,530	20,115,137

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	As at 31 December 2021 HK\$'000 (audited)	As at 30 June 2022 HK\$'000 (unaudited)
Current liabilities		
– Trade payables	661,193	462,907
– Other payables and accruals	624,255	581,061
– Due to other related parties	542,291	78,770
– Bank and other borrowings	2,364,872	1,732,934
– Guaranteed bonds	–	5,749,884
– Income tax payables	49,260	69,220
– Provision for compensation	249,863	236,904
	<u>4,491,734</u>	<u>8,911,680</u>
Liabilities directly associated with the assets of disposal groups classified as held for sale	<u>1,341,286</u>	<u>2,232,869</u>
Total current liabilities	<u>5,833,020</u>	<u>11,144,549</u>
Net current assets/(liabilities)	<u>1,822,607</u>	<u>(1,701,334)</u>
Total assets less current liabilities	<u>16,189,510</u>	<u>8,970,588</u>
Non-current liabilities		
– Due to a joint venture	216,731	207,043
– Due to other related parties	73,434	65,527
– Bank and other borrowings	2,625,838	1,860,247
– Guaranteed bonds	5,737,361	–
– Deferred revenue	88,618	84,756
– Deferred benefit obligations	14,375	13,744
– Deferred tax liabilities	1,781,466	1,384,082
Total non-current liabilities	<u>10,537,823</u>	<u>3,615,388</u>
Total liabilities	<u>16,370,843</u>	<u>14,759,937</u>
Net assets	<u><u>5,651,687</u></u>	<u><u>5,355,200</u></u>

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As set out in the table above, we noted that the total cash and cash equivalent of the Group as at 30 June 2022 was approximately HK\$772.33 million, representing a decrease of approximately 28.97% when compared to that as at 31 December 2021 of approximately HK\$1.09 billion. As disclosed in the 2022 Interim Results, such decrease was mainly due to a repayment of loans of approximately HK\$1,324,272,000 during the period.

As further set out in the table above, we noted that the Group recorded an unaudited consolidated net current liabilities of approximately HK\$1,701,334,000 as at 30 June 2022. We understand that such financial position of the Group indicated a material uncertainty that may cast significant doubt on the Group's ability to continue as going concern, however, we have considered, among others, the following in details:

- (i) the proceeds of RMB810,723,358 shall be able to realise after completion of a possible disposal of 75% of the total issued shares capital in (a) Ssinolog (Taicang) III Pte. Ltd; (b) Ssinolog (Taicang) IV Pte. Ltd; (c) Ssinolog (Changshu) I Pte. Ltd; and (d) Ssinolog (Wuzhong) I Pte. Ltd, which is planned to be used for repayment of part of the Group's outstanding liabilities (for details, please refer to the Company's announcements dated 17 October 2022 and 25 October 2022);
- (ii) the proceeds of RMB2,491,611,000 shall be able to realise after completion of a possible disposal of certain subsidiaries as set out in the Company's circular dated 3 August 2022 which shall also be used for repayment of the Group's debt;
- (iii) the refinancing of existing indebtedness by way of renewing the Group's bank facilities and/or the continual financial support and funding from Beijing Enterprises City Development Group Limited, which is an the intermediate holding company of the Company, based on the historical practice; and
- (iv) the improvement of the Group's business performance after recovery from the COVID-19 which shall lead to extra idle cash.

Also, the Directors consider that the Group is not under any obligation to place deposits with BG Finance pursuant to the Deposit Services Master Agreement, therefore we concur with the Directors that the setting of the Caps is to accommodate the idle cash generated from its operating activities and the possible drawn down of the loan facilities which could be temporarily deposited under the Deposit Services. Meanwhile, the Group will be entitled to withdraw its deposit placed with BG Finance in full or in part when in need, hence, the Group may, at its sole discretion, finance its cash resources for any possible

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needs without any restrictions. In view of that we concur that there is no liquidity pressure on the Group to meet its liabilities position, especially the repayment of existing guaranteed bond and loans being due in 2023.

Further, we have also reviewed the cash flow forecast of the Group for the 12 months ended 30 June 2023 (the “**Forecast**”). Based on the Forecast, we noticed that assuming (i) the Group’s operation could generate sufficient cash flow; and (ii) the renewal of certain Group’s existing banking facilities; there is no liquidity problem within the Group and the Group should have sufficient cash resources available for either investment(s) for variable return and/or Deposit Services for a fixed return.

1.2 Information of the BG Finance

Set out below is the information of the BG Finance which include, among others, (a) shareholding structure of the BG Finance; (b) principal activities of BG Finance; and (c) regulatory environment of BG Finance.

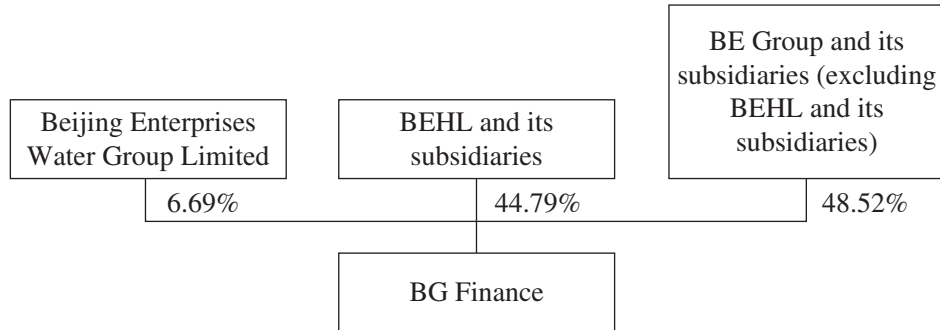
(a) Shareholding structure of BG Finance

BG Finance is a company established in the PRC with limited liability. As at the Latest Practicable Date, the shareholding structure of BG Finance is listed as below:

- (i) 35.14% by BE Group;
- (ii) 8.91% by BEHL, which is an indirect non-wholly owned subsidiary of BE Group;
- (iii) 24.80% by Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), which is an indirect wholly owned subsidiary of BEHL;
- (iv) 11.08% by Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), which is an indirect non-wholly owned subsidiary of BEHL;
- (v) 6.69% by Beijing Enterprises Water Group Limited, which is an associated company of BEHL;
- (vi) 6.69% by Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心), which is an indirect wholly owned subsidiary of BE Group; and
- (vii) 6.69% by Beijing General Municipal Engineering Design & Research Institute Co., Ltd.* (北京市市政工程設計研究總院有限公司), which is a wholly owned subsidiary of BE Group.

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In other words, BG Finance is held as to (i) 44.79% in aggregate by BEHL and its subsidiaries; (ii) 48.52% in aggregate by BE Group and its subsidiaries (excluding BEHL and its subsidiaries); and (iii) 6.69% by Beijing Enterprises Water Group Limited. Set out below is the chart illustrating the shareholding structure of BG Finance:



(b) Principal activities of BG Finance

BE Group Finance is a non-bank financial institution established and commenced business in 2013 with the approval granted by China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (“CBIRC”).

As at the Latest Practicable Date, BG Finance acts as a platform for members of BE Group (including the Group) for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

(c) Rules and regulations relevant to the business of BG Finance

As per the aforesaid, BG Finance is a non-bank financial institution in the PRC. Based on the existing regulatory environment of the PRC banking industry, the operations of BE Group Finance is supervised and regulated by CBIRC.

To the best of the Directors knowledge, information and belief, having made all reasonable enquiries, up to the Latest Practicable Date, BG Finance complied with all risk monitoring indicators as imposed by CBIRC, and there is no record of non-compliance with relevant laws, rules and regulations of the PRC applicable to BG Finance.

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2. Reasons for and benefits of entering into the Third Supplemental Agreement

As disclosed in the Letter, in order to meet the repayment obligation of the Group, the Group has proposed to dispose some of its projects and plans to obtain new debts financing, including but not limited to continual financial support and funding from the BE Group, the ultimate controlling Shareholder of the Company, in order to satisfy the repayment of existing guaranteed bond and loans being due in 2023.

It is advised that the Group's business development model is divided into four stages, which are: financing, investment, cultivation and disposal. Disposal of its projects are the major source of income and cash generated from the projects of the Group. Therefore, the Group will continue to dispose its mature projects to sustain the new investment and development, if the fund cannot be immediately deployed to the new projects in the pipeline. The Group would prefer to take a conservative approach to manage the idle fund such as fixed deposit.

The total amount of deposits that may be placed by the Group with the BG Finance would be limited to the Caps. According to the past experience, the Caps could allow that BG Finance would be in a position to compete with other independent commercial banks for the Group's deposits up to the amount of such caps and the other independent commercial banks may need to consider offering even better deposit interest rates (or other terms) to the Group. In the long run, the net outcome of this strategy would create a healthy competition between other independent commercial banks and BG Finance. In addition, the Caps would only represent the maximum amount of deposit balance placed with BG Finance at certain point of time, it does not mean that the Group would intend to place a fixed deposit over a long period of time. The Group is at sole discretion to make its selection according to the deposit interest rates being offered by BG Finance and other independent commercial banks. The Caps for each of the three years ending 31 December 2023, 2024 and 2025 is to provide greater flexibility in the management of the Group's cash resources.

As further disclosed in the Letter, the Deposit Services have been conducted on normal commercial terms and the deposit interest rates, charges and other conditions offered by BG Finance to the Group will be equal to or more favourable to the Group than those offered by other independent commercial banks in Hong Kong and the PRC to the Group for comparable deposits. Also, the Group expects to be in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk.

Having considered the above, the Directors (excluding the independent non-executive Directors who will express their views after taking into account the advice of the Independent Financial Adviser) are of the opinion that, the terms of the Third Supplemental Agreement and the proposed new Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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In order to assess and conclude whether the entering into of the Third Supplemental Agreement is in the interest of the Company and the Independent Shareholders as a whole, we have taken into consideration the following factors:

(a) The cooperation relationship between the Company and BG Finance

BG Finance has been providing the deposit services to the Group since 2015, which has developed a deep understanding of the capital needs and business model of the Group. In view of the stability and reliability of the Deposit Services offered in previous years, we concur that BG Finance is well-positioned to serve the financial needs of the Group, and it is expected to be cost-efficient, expedient and beneficial for the Group to use the Deposit Services.

(b) The internal control and risk management measures adopted by BG Finance

As mentioned above, BG Finance is a non-banking financial institution under the supervision of the CBIRC. Competent authority delegated by the CBIRC conducts daily supervision on it, including on-site and off-site inspections. BG Finance shall ensure that it is in strict compliance with the risk control indicators and risk monitoring indicators issued by the CBIRC. In any event the major regulatory indicators of BG Finance are found to be non-complied with relevant regulatory requirements and may lead to material risks, the Group will be entitled to discontinue its business with BG Finance.

In addition, BG Finance, as a financial institution regulated by the CBIRC, shall comply with the regulations of applicable laws, provisions and requirements of the CBIRC, which include the Administrative Measures for Enterprise Group Finance Companies (企業集團財務公司管理辦法) (the “**Administrative Measures**”). The Company may only conduct business with BE Group Finance on condition that the risk is confirmed to be controllable.

Based on our review on the Administrative Measures, BG Finance shall meet the following requirements in respect of asset-liability ratio:

- (a) the capital adequacy ratio (資本充足率) is not less than 10%;
- (b) the balance of the inter-bank borrowing funds (拆入資金比例) shall not exceed the total capital;
- (c) the balance of guarantees (擔保比例) shall not exceed the total capital; and
- (d) the ratio of short-term securities investment and long-term investments to total capital (短期證券投資及長期投資比例) shall not be more than 70%.

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The Company regularly monitors the operation of BG Finance, such as the above asset-liability ratio requirements, by accessing the audited financial statements and other relevant operating data of BG Finance. To the best knowledge of the Company, BG Finance is in compliance with the applicable requirements as set out in the Administrative Measures. As at the 30 June 2022, for BG Finance, (a) the capital adequacy ratio is 29.58%; (b) the inter-bank borrowing funds ratio is 0%; (c) the guarantees ratio is 0%; and (d) the short-term and long-term investment ratio is 33.86%.

In occurrence of any material events in BG Finance which may affect its normal operation, BG Finance shall inform the Group in a timely manner, and if necessary, the Group is entitled to terminate the business in BG Finance, and negotiate the subsequent matters with BG Finance. Based on the above-mentioned, we concur with the Directors that the capital safety at BG Finance could be ensured, controlled and monitored effectivity.

(c) The deposit interest rate offered by BG Finance

Pursuant to the Deposit Services Master Agreement, the deposit interest rate offered by BG Finance shall not be lower than (i) the benchmark interest rate prescribed by the People's Bank of China ("PBOC") for the same type of deposits of the same period; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits of the same period; and (iii) the interest rates offered by BE Group to other members of BE Group for the same type of deposits of the same period. As advised by the Management, during the period from the commencement date of the term of the Deposit Services Master Agreement to the Latest Practicable Date, all deposits placed by the Group with BG Finance followed the aforesaid conditions.

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In order to assess and understand whether the deposit interest rate offered by BE Group Finance is favorable to the Group and followed the terms under the Deposit Services Master Agreement, we have based on the daily outstanding deposit selected balances summary and obtained 3 sample copies of deposit receipts issued by BG Finance which stated with certain information, such as deposit amounts, interest rates and other terms of the Deposit Services. The samples were selected based on the highest outstanding deposit taken by the Group with BG Finance during the period from 1 January 2020 to 30 June 2022. Set out below is a summary of information as stated on the selected sample copies of deposit receipts:

Deposit receipt number	Deposit date <i>(dd/mm/yyyy)</i>	Deposit amount <i>(USD)</i>	Period for the deposit <i>(day)</i>	Interest rate <i>(%)</i>	Benchmark interest rate prescribed by the PBOC during the relevant period <i>(%)</i>	Interest rate offered by other commercial banks <i>(%)</i>
022020100900005	25/09/2020	30,000,000	14	0.46	N/A*	0.11-0.14
022021110400001	28/10/2021	27,500,000	7	0.2	N/A*	0.05-0.1
022021020400005	28/01/2021	25,000,000	7	0.2	N/A*	0.01-0.06

* The benchmark interest rate prescribed by the PBOC is not applicable when the deposit placed by the Group under the Deposit Services Master Agreement is in a currency other than RMB. In that case, the interest rate offered by BG Finance would only be compared by the Group with other commercial banks in Hong Kong and/or the PRC.

We have compared, based on the information as listed on the above samples, and noted that the terms offered by BG Finance under the Deposit Services Master Agreement were more favourable than those offered by other commercial banks in the PRC and the benchmark interest rate prescribed by the PBOC for the same type of deposits of the same period. Also, it is advised that the deposit rate offered by BG Finance to other members of the BE Group is the same as that of the Group; we therefore concluded that the terms under the Deposit Services Master Agreement were followed.

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(d) The effectiveness of the Group's internal control measures over the Deposit Services taken by the Group

As set out in the Letter, we understand that the Group has adopted the following internal control measures over the Deposit Services:

- (i) the Group utilises the services of the BG Finance on a voluntary, non-exclusive basis and is not obliged to engage the BG Finance for Deposit Services. The BG Finance is merely one of the financial institutions which provide services to the Group;
- (ii) before placing a deposit with BG Finance, the treasury department of the Group will check the interest rates offered by BG Finance against those provided by at least two to three major independent commercial banks that have established business relationship with the Group through phone or email, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other independent domestic commercial banks in the PRC and Hong Kong;
- (iii) the treasury department of the Group will report to the management of the Company who will take the best interest rates between the BG Finance and the commercial banks;
- (iv) the treasury department of the Group will closely monitor the aggregate amounts of deposits placed with BG Finance to ensure that the total balance is less than the Caps at all times;
- (v) the treasury department of the Group will report the total balance to the management of the Company in a monthly manner;
- (vi) the treasury department of the Group will request BG Finance to provide it with sufficient information on various financial indicators and annual financial statements so that the Company is able to monitor and review the financial conditions of BG Finance; and
- (vii) the Group may at any time request for the deposited fund to be withdrawn from BG Finance, partially or fully, at the Group's discretion, to ensure the liquidity and safety of the deposited fund.

We understood from the Management that in order to secure the interests of the Shareholders, the Company had adopted the internal control measures of the Deposit Services mentioned above. We have discussed with the Management and understood that the staff of the treasury department of the Group is aware of and complies with all internal control measures when conducting the transactions contemplated under the Deposit Services Master Agreement. We have also reviewed the record of such

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internal control measures, including all monthly outstanding deposit balances in relation to the deposits placed by the Company with BG Finance, and noted that the existing Caps has not been exceeded.

Based on our review, we concluded that the internal control measures are in place to assist the Company in monitoring, in a reasonable and effective manner, the transactions contemplated under the Deposit Services Master Agreement and the Third Supplemental Agreement.

Conclusion

After considered the above factors, we concur with the Directors' view that:

- (i) the Group has to maintain deposits with financial institutions in Hong Kong and the PRC from time to time as part of its treasury activities;
- (ii) BG Finance has a good proven service record with the Group in terms of the Deposit Services;
- (iii) the Deposit Services have been conducted on normal commercial terms and the terms offered by BG Finance are equal to or favourable to the Group as compared to other financial institutions in Hong Kong and the PRC;
- (iv) the terms under Deposit Services Master Agreement and the Third Supplemental Agreement do not preclude the Group from taking the services of other financial institutions. In other words, there is no restriction on the Group to select other financial service providers in any event if the Management consider that it is fit and appropriate and in the interest of the Company as a whole;
- (v) there is a sound internal control to ensure the compliance with applicable Listing Rules and the safeguard of the Group's interest; and
- (vi) the factors considered by the Directors relating to the cash flow planning of the Group as mentioned above and in page 8 of this letter under the section headed "(b) Financial position of the Group".

Therefore, we are of the view that, the entering into of the Third Supplemental Agreement allows the Company to utilise the Deposit Services with additional capacities given (i) the terms offered by BG Finance are more favourable; and (ii) the control over the Deposit Services are well established, we conclude that the entering into of the Third Supplemental Agreement is in the interest of the Company and the Independent Shareholders as a whole.

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3. Principal terms of the Deposit Services Master Agreement (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement)

On 29 June 2015, the Company entered into the Deposit Services Master Agreement with BG Finance, pursuant to which, the Group, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time.

On 28 April 2017, the Company and BG Finance entered into the First Supplemental Agreement and on 29 October 2019, the Company and BG Finance entered into the Second Supplemental Agreement to revise certain provision as set out in the Deposit Services Master Agreement.

Set out below is the principal terms of the Deposit Services Master Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement):

- Parties:**
- (i) the Company; and
 - (ii) BG Finance.
- Term:** Commence on 1 January 2020 and shall continue up to and including 31 December 2022. Subject to the Listing Rules and/or upon the expiration of the Deposit Services Master Agreement, it may be renewed, varied or modified by the Company and BG Finance by agreement in writing.
- Deposit interests:** The rate at which interest will accrue on any deposit placed by the Group with BG Finance under the Deposit Services Master Agreement will not be lower than the following:
- (a) the benchmark interest rate prescribed by the PBOC for the same type of deposits of the same period;
 - (b) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits of the same period; and
 - (c) the interest rates offered by BG Finance to other members of BE Group for the same type of deposits of the same period.

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Existing Caps: The cumulative daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Services Master Agreement will not exceed HK\$400 million for each of the three financial years ending 31 December 2020, 2021 and 2022, respectively.

4. Principal terms of the Third Supplemental Agreement

On 25 October 2022, the Company entered into the Third Supplemental Agreement with BG Finance, pursuant to which, the parties to the Deposit Services Master Agreement agreed to revise the annual caps in relation to the provision of the Deposit Services and extend the term of the Deposit Services Master Agreement.

Set out below is the principal terms of the Third Supplemental Agreement:

Date: 25 October 2022

Parties: (i) the Company; and
(ii) BG Finance.

Term: The Third Supplemental Agreement shall be effective from the date of obtaining Independent Shareholders' approval at the SGM (the "**Effective Date**").

Revised Annual Caps: The cumulative daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Services Master Agreement will not exceed the following caps:

For the financial year ending 31 December 2023 RMB400 million

For the financial year ending 31 December 2024 RMB400 million

For the financial year ending 31 December 2025 RMB400 million

As stated in the Letter, the new proposed Caps were determined after taking into account (i) the historical maximum daily balance of deposit the Company placed with BG Finance; and (ii) the reference to the latest Group's cash and cash equivalents available and the Group's budgeted available cash resources.

LETTER FROM SILVERBRICKS

Save as the said revision, all other terms and conditions of the Deposit Services Master Agreement remain unchanged.

5. Basis of the proposed new Caps

While determining the proposed new Caps, the Directors have considered factors, which include (i) the historical maximum amounts of daily outstanding deposits placed by the Group with BG Finance; and (ii) the Group's available cash resources as at the Latest Practicable Date.

In order to assess the fairness and reasonableness of the proposed new Caps, we have conducted the following work done:

(a) Review on the historical record in connection with the Deposit Services

In order to evaluate the determination of the proposed new Caps, we have discussed with the Management and conducted a review on (i) the maximum amounts of daily outstanding deposits placed by the Group with BG Finance on any given day for the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022; and (ii) the utilization rates of the existing annual Caps for each of the aforesaid period.

	For the years ended 31 December		For the nine Months ended 30 September
	2020	2021	2022
	(unaudited)	(unaudited)	(unaudited)
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
Maximum amount of daily outstanding deposits placed by the Group with BG Finance	HK\$396 million	HK\$399 million	HK\$399 million
Existing Caps	HK\$400 million	HK\$400 million	HK\$400 million
Utilisation rate	99%	99%	99%

As shown in the table above, the existing Caps have not been exceeded. However, each of the maximum outstanding amount of the deposits placed by the Group with BG Finance for the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022 reached almost 100% of the existing Caps, having considered the reasons and benefits of the Deposit Services as mentioned in the section headed "Reasons for and benefits of entering into the Third Supplemental Agreement", we concur with the Directors that in order to keep and maintain a sounds

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treasury management it would be in the interest of the Group to maintain the existing Caps (i.e. HK\$400 million) for the coming 3 years starting from 1 January 2022.

(b) Review on the Group's budgeted available cash resources for the Deposit Services

Apart from the above, we have discussed with the Management and reviewed the Forecast in order to assess the Group's available cash resources. We noted that while preparing the Forecast, the Directors assumed (i) the Group's business operation would generate stable cash flow as assumed based on past historical record and the Group's business plan; (ii) there are proceeds generated from renewal of existing Group's banking facilities which may have no material uncertainties; and (iii) there is no material unexpected expenses incurred during the Forecast period.

Based on the Forecast, despite the fact that the deposit rate offered by BG Finance is lower than the loan rate from bank facilities offered by external financial institution(s), the Directors expect that there will be idle cash from (i) stable cash flow generated from its operating activities; (ii) temporary cash proceeds from loan re-financing. Also, the Group is not under any obligation to place deposits with BG Finance pursuant to the Deposit Services Master Agreement. It is advised that the setting of the new proposed Caps is to accommodate the idle cash generated from its operating activities and the possible drawn down of the loan facilities which could be temporarily deposited under the Deposit Services; and also lower the cost of such temporarily idle cash. Meanwhile, the Group will be entitled to withdraw its deposit placed with BG Finance in full or in part; hence, the Group may, at its sole discretion, finance its cash resources for any possible needs without any restrictions. Given the Deposit Services provide the option, not an obligation, for the Group to deposit its cash with BG Finance under terms better than those offered by other commercial banks, we concur with the Directors that the proposed new Caps (i) set at a level with a certain degree of buffer in order to enable the Group with the flexibility to earn interest income through making deposits to BG Finance; (ii) are based on reasonable estimation after due and careful consideration; and (iii) are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Conclusion

Having considered (i) the strict compliance with the internal control measures by the Group; (ii) the terms offered by BG Finance which are more favourable than those offered by the other PRC commercial banks; and (iii) the long-term relationship with BG Finance to ensure a smooth application procedures for the Deposit Services, we considered that the provision of the Deposit Services are in the interest of the Group as a whole.

LETTER FROM SILVERBRICKS

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the Third Supplemental Agreement are (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms; (iii) fair and reasonable; and (iv) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Chan Wai Fung
Head of Corporate Finance

Mr. Yau Tung Shing and Mr. Chan Wai Fung are licensed persons under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Silverbricks Securities Company Limited. Mr. Yau Tung Shing and Mr. Chan Wai Fung have over 6 and 3 years of experience in corporate finance industry, respectively.

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

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for the last three financial years are disclosed in the following documents which have been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.bphl.com.hk:

- (a) the audited consolidated financial statements of the Group for the year ended 31 December 2021 are set out in pages 69 to 178 of the Annual Report 2021 of the Company which was published on 25 April 2022;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501625.pdf>

- (b) the audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out in pages 68 to 168 of the Annual Report 2020 of the Company which was published on 29 April 2021; and

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900607.pdf>

- (c) the audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out in pages 69 to 178 of the Annual Report 2019 of the Company which was published on 28 April 2020.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801062.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 21 October 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding (1) guaranteed unsecured bonds with an aggregate principal amount of US\$739,700,000 (equivalent to approximately HK\$5,769,660,000); (2) banks and other loans with an aggregate principal amount of approximately HK\$2,334,373,000, which were secured by certain buildings, investment properties, properties held for sale, cash and bank balances, trade receivables and equity interests of certain subsidiaries of the Group, and are guaranteed by the Company; (3) unguaranteed and unsecured bank loans with an aggregate principal amount of approximately HK\$1,746,872,000; and (4) a loan from a fellow subsidiary of the Company with a principal amount of RMB200,000,000 (equivalent to approximately HK\$222,809,000).

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at 21 October 2022, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, financial lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

According to the bond agreement, the Group's guaranteed bonds will be due in February 2023 which is within the next 12 months from the date of this circular. Therefore, the Directors plan to undertake a refinancing, including but not limited to new debts financing, within the next 12 months in order to repay the existing guaranteed bonds. In addition, the Directors have proposed to dispose of some of the Group's projects in order to release the debt exposure of the Group. Management of the Company conducts regular assessment as to whether the Company is able to refinance successfully. If the management determines that there are any events or conditions affecting the Group's proposed refinancing, or causing the amount of the refinancing to be lower than the amount sufficient for supporting the Group's working capital, the Directors have proposed further measures described below in order to raise more fund for its working capital need.

In the opinion of the Directors, the sufficiency of working capital of the Group in the next 12 months from the date of this circular is dependent on (i) the successful refinancing before the existing guaranteed bonds being due and (ii) the completion of disposal of some of the Group's projects, or failing which, the success in (iii) obtaining the continual financial support and funding from Beijing Enterprises City Development Limited ("**BE City**"), a substantial Shareholder of the Company, and (iv) obtaining a standby facility provided by BE Group, the ultimate controlling Shareholder of the Company, which can fully cover the existing guaranteed bonds outstanding balance, in accordance with the keepwell and liquidity support deed (the "**Deed**") signed between the Group and BE Group. In addition, the Deed was included in the bond subscription agreement and details of which were published together with the bond issuance announcement of the Company dated 25 February 2020.

The Directors, after due and careful enquiry, are of the opinion that, after taking into account (i) the net proceeds from disposal of some of the Group's projects, (ii) the Group's internal resources (including listed equity investments and marketable properties), (iii) continual stable cash flows from operations, (iv) the Group's ability to refinance its existing debts upon maturity through financing activities including obtaining additional banking facilities, issuance of a new bond and renewal of existing bank borrowings and facilities, or failing which, (v) the continual financial support and funding from BE City, and (vi) a standby facility provided by BE Group under the Deed, accordingly, the Group has sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND BUSINESS PROSPECT OF THE GROUP

The Group is principally engaged in investment, development and operation of (i) high-end and modern general warehouses; (ii) cold chain logistics warehouses; (iii) specialised wholesale market for the trading and distribution of local agricultural products; (iv) modernized industrial plants; and (v) investments in commercial properties and primary land development. For the year ended 31 December 2021, the Group generated a revenue of approximately HK\$711 million, representing an increase of approximately HK\$22.5 million or 3.3% when compared with the Group's revenue for the year ended 31 December 2020. In particular, the Group's cold chain logistics warehouses business generated a revenue of approximately HK\$75.9 million, representing an increase of approximately HK\$23.7 million or 45.5% when compared with that for the year ended 31 December 2020.

The short-term outlook for the global economy remains uncertain due to, among others, the worldwide economic recession and geo-political tensions. The economy of the PRC is still in the process of recovery from the severe impact caused by the COVID-19 outbreak. Despite the market uncertainties, the Group has continued to implement its established business strategies and plans. Considering (i) the Group's business model with relatively large upfront investment costs and the expected realisation of the first batch of property development projects in 2022; (ii) the success in developing other business segments as evidenced by the significant growth in revenue of its cold chain industries by a year-on-year increase of approximately 45.5%; (iii) the Group's strength as a state-owned enterprise and the relief policies implemented by the government; and (iv) the plan to develop asset-light business model to consolidate the Group's long-term profitability, the Group will aspire and strive to maintain its position as a professional property developer in the industry and further strengthen its business operation as well as financial conditions to bring benefits to the Shareholders in the long run.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 OF DIRECTORS AND CHIEF EXECUTIVE

(a) Interests and short positions of the Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

(i) Long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital (%)
Mr. Yu Luning	Beneficial owner	9,690,000	0.139
Mr. Ng Kin Nam	Beneficial owner	98,445,200	1.413
	Interest of spouse	9,729,000	0.140
	Interest of controlled corporation	42,491,800	0.610
		(Note)	

Note: 42,491,800 Shares are held by Jade Investment Limited which is beneficially owned by Mr. Ng Kin Nam and his spouse.

(ii) Long positions in the underlying Shares

Name of Director	Number of underlying Shares in respect of share options	Date of grant of share options	Exercise price of share options (HK\$)	Exercise period of share options	Approximate percentage of the Company's issued share capital (%)
Mr. Siu Kin Wai	6,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0861
	5,000,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0717
	3,000,000	28 August 2014	0.750	28-08-2014 to 27-08-2024	0.0430
	4,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0574
	18,000,000				0.2582
Mr. Cheng Ching Fu	2,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0287
	2,500,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0359
	1,000,000	28 August 2014	0.750	28-08-2014 to 27-08-2024	0.0143
	2,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0287
	7,500,000				0.1076
Mr. Yu Luning	4,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0574
	4,000,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0574
	1,000,000	28 August 2014	0.750	28-08-2014 to 27-08-2024	0.0143
	3,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0430
	12,000,000				0.1721

Name of Director	Number of underlying Shares in respect of share options	Date of grant of share options	Exercise price of share options (HK\$)	Exercise period of share options	Approximate percentage of the Company's issued share capital (%)
Mr. Goh Gen Cheung	2,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0287
	1,500,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0215
	1,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0143
	4,500,000				0.0645
Mr. Zhu Wuxiang	2,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0287
	1,500,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0215
	1,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0143
	4,500,000				0.0645
Mr. James Chan	2,000,000	24 May 2013	0.574	24-05-2013 to 23-05-2023	0.0287
	1,500,000	31 March 2014	0.940	31-03-2014 to 30-03-2024	0.0215
	1,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0143
	4,500,000				0.0645
Mr. Song Lishui	1,000,000	8 April 2015	0.720	08-04-2015 to 07-04-2025	0.0143

Note: The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Other than as disclosed above, as at the Latest Practicable Date, no person (other than the Directors) has interests or short positions in the Shares or underlying Shares which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO. Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Directors or proposed directors being a director or employee in a company having an interest under Division 2 and 3 of Part XV of the SFO

So far as the Directors are aware, as at the Latest Practicable Date, each of the following Directors is a director and/or employee of respective companies which have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which have an interest or short position in the Shares and underlying Shares of the Company
Mr. Qian Xu	Brilliant Bright (with full name set out below) BE City (with full name set out below) BEREHK (with full name set out below)
Mr. Zhao Jiansuo	BE City BEREHK
Mr. Siu Kin Wai	Brilliant Bright

The aforesaid companies had the following interest in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares and underlying Shares

Name	Notes	Number of Shares held, capacity and nature of interest		Number of underlying Shares held, capacity and nature of interest		Total	Approximate percentage of the Company's issued share capital (%)
		Directly beneficially owned	Through a controlled corporation	Directly beneficially owned	Through a controlled corporation		
Brilliant Bright Holdings Limited	(a)	1,557,792,500	-	-	-	1,557,792,500	22.35
Beijing Enterprises Real Estate (HK) Limited	(b)	2,526,882,407	1,557,792,500	-	-	4,084,674,907	58.49
北京北控城市發展集團有限公司 (Beijing Enterprises City Development Group Limited)	(c)	-	4,084,674,907	-	-	4,084,674,907	58.49
Illumination Holdings Limited	(d)	87,451,458	-	-	-	87,451,458	1.25
Beijing Holdings Limited	(e)	487,166,195	87,451,458	-	-	574,617,653	8.24
Beijing Enterprises Group Company Limited	(f)	-	4,659,292,560	-	-	4,659,292,560	66.85

Notes:

- (a) Brilliant Bright Holding Limited (“**Brilliant Bright**”) holds 1,557,792,500 Shares.
- (b) Beijing Enterprise Real Estate (HK) Limited (“**BEREHK**”) (i) holds 2,526,882,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly owned subsidiary, Brilliant Bright.
- (c) BEREHK is a wholly-owned subsidiary of Beijing Enterprise City Development Group Limited (“**BE City**”). BE City is deemed to be interested in the Shares which BEREHK is interested in.
- (d) Illumination Holdings Limited (“**Illumination**”) holds 87,451,458 Shares.
- (e) Beijing Holdings Limited (“**BHL**”) (i) holds 487,166,195 Shares; and (ii) is deemed to be interested in the 87,451,458 Shares of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.
- (f) BE City and BHL are wholly-owned subsidiaries of BE Group. BE Group is deemed to be interested in the Shares which BE City and BHL are interested in.

3. DIRECTORS' OTHER INTERESTS

Directors' competing interests

As at the Latest Practicable Date, Mr. Qian Xu and Mr. Zhao Jiansuo, being the executive Directors, were also directors of BE City, which engages in the business of property investment and development, and they were considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group.

As the Board is independent of the board of the aforesaid company and maintains five independent non-executive Directors, the Group operates its businesses independently of and at arm's length from the business of the aforesaid company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Director's interest in assets

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. EXPERT

The following is the qualification of the expert who has given its opinion which is contained in this circular.

Name	Qualification
Silverbricks	a corporation licensed to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Silverbricks was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did Silverbricks have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2021), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Silverbricks has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and reference to its name in the form and context in which it is included.

8. MATERIAL CONTRACTS

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

- (a) the Third Supplemental Agreement;
- (b) the sale and purchase agreement dated 17 October 2022 between China Industrial Properties (Holdings) Limited (as Seller) and WXYZ I (BVI) Holdings Limited (as Purchaser) in relation to the sale and purchase of 75% of the total issued share capital in each of SSinolog (Taicang) IV Pte. Ltd., SSinolog (Taicang) III Pte. Ltd., SSinolog (Changshu) I Pte. Ltd. and SSinolog (Changshu) I Pte. Ltd. with the final consideration of RMB810,723,358;

- (c) the sale and purchase agreement dated 28 February 2022 between China Logistics Infrastructures (Holdings) Limited (as vendor) and JD Oriental Development III Limited (as purchaser) in relation to the sale and purchase of 90% of the issued share capital in New Concord Properties Limited with the final consideration of RMB430,105,263.16 being the minimum bid price for the sale shares and under the aforesaid agreement the purchaser shall be obliged to pay the vendor to acquire interest in certain outstanding loans on the date of completion together with the supplemental agreement dated 28 February 2022 between the same parties on matters relating to completion of the transaction;
- (d) the sale and purchase agreement dated 28 February 2022 between China Logistics Infrastructures (Holdings) Limited (as vendor) and JD Oriental Development III Limited (as purchaser) in relation to the sale and purchase of 90% of the issued share capital in New Fine International Development Limited with the final consideration of RMB931,894,736.84 being the minimum bid price for the sale shares and under the aforesaid agreement the purchaser shall be obliged to pay the vendor to acquire interest in certain outstanding loans on the date of completion together with the supplemental agreement dated 28 February 2022 between the same parties on matters relating to completion of the transaction; and
- (e) the facility agreement dated 9 June 2021 entered into between the Company as borrower and banks as lenders in relation to a certain term loan facility in the total amounts of up to US\$65,000,000 and HK\$195,000,000.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Cheng Ching Fu, a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The head office and principal place of business of the Company in Hong Kong is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Codan Services Limited located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, located at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.bphl.com.hk) for a period of fourteen (14) days from the date of this circular:

- (a) the Third Supplemental Agreement;
- (b) the Second Supplemental Agreement;
- (c) the First Supplemental Agreement;
- (d) the Deposit Services Master Agreement;
- (e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;
- (f) the letter from Silverbricks containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 36 of the circular; and
- (g) the letter of consent from the expert referred to in the section “Expert” in this appendix.

NOTICE OF SPECIAL GENERAL MEETING



BEIJING PROPERTIES (HOLDINGS) LIMITED

北京建設（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Beijing Properties (Holdings) Limited (the “**Company**”) will be held at 11:00 a.m. on Thursday, 29 December 2022 at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the third supplemental agreement (the “**Agreement**”) dated 25 October 2022 entered into between Beijing Enterprises Group Finance Co., Ltd. (北京控股集團財務有限公司) (“**BG Finance**”) and Beijing Properties (Holdings) Limited (the “**Company**”) as supplement to the deposit services master agreement entered into between the aforesaid parties on 29 June 2015 in relation to provision of deposit services by BG Finance to the Company (supplemented by the first supplemental agreement dated 28 April 2017 and the second supplemental agreement dated 29 October 2019 between the same parties) (details of the Agreement are set out in the Company’s circular dated 12 December 2022 (the “**Circular**”), copies of the Agreement and the Circular have been tabled at the meeting marked “A” and “B” respectively and signed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed new Caps for the three financial years ending 31 December 2025 (as defined and more particularly described in the Circular) be and hereby approved and confirmed; and

NOTICE OF SPECIAL GENERAL MEETING

- (c) the directors of the Company, acting together, individually or by committee, be and are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as they may consider necessary, appropriate, desirable or expedient for implementation of or giving effect to the Agreement, the proposed new Caps and any of the transactions contemplated thereunder.”

By Order of the Board
Beijing Properties (Holdings) Limited
Cheng Ching Fu
Company Secretary

Hong Kong, 12 December 2022

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:

66th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of share in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company, not less than 48 hours before the time appointed for holding the SGM.
3. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.

NOTICE OF SPECIAL GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

To safeguard the health and safety of shareholders of the Company and to prevent the spreading of the novel coronavirus disease (COVID-19) pandemic, the following precautionary measures will be implemented at the special general meeting:

- (1) Limiting the number of the SGM attendees to avoid over-crowding
- (2) Maintaining an appropriate social distancing between seats
- (3) Compulsory body temperature screening/checks
- (4) Compulsory wearing of surgical face mask
- (5) No provision of food or beverages and no distribution of gifts

For the health and safety of shareholders of the Company, the Company would strongly encourage shareholders of the Company to exercise their right to vote at the SGM by appointing the chairman of the special general meeting as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.

As at the date of this notice, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Cheng Ching Fu, Mr. Yu Luning, Mr. Ng Kin Nam and Mr. Ren Lin are the executive Directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming are the independent non-executive Directors.