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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)

**PROPOSED MANDATE IN RELATION TO
THE POTENTIAL VERY SUBSTANTIAL DISPOSAL
THROUGH PUBLIC TENDER
AND
NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 17 of this circular.

A notice convening the SGM of the Company to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 24 October 2023 is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of the Company (www.bphl.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated website (<https://spot-emeeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

6 October 2023

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DEFINITIONS

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

“Asset Transaction Agreement”	asset transaction agreement(s) (產權交易合同) to be entered into between the relevant Transferor and the successful bidder of the Public Tender in respect of either 75% of Jiaxing Group or 100% of Fortune Land (as the case may be), according to the rules and regulations of CBEX
“Board”	the board of Directors
“Business Days”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong and the PRC to the general public for business
“CBEX”	China Beijing Equity Exchange
“CIPH”	China Industrial Properties (Holdings) Limited, a company incorporated in the British Virgin Islands and a non-wholly owned subsidiary of the Group
“Company”	Beijing Properties (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 925)
“Completion”	the completion of the Potential Disposal
“Completion Accounts”	the full set of unaudited management accounts of the Jiaxing Group or Fortune Land made up to the date of Completion comprising the unaudited balance sheet, and profit and loss statement of the Jiaxing Group or Fortune Land; and the supporting schedules and ledgers thereto to be prepared by the Transferor and delivered to the Purchaser pursuant to the terms and conditions of the Asset Transfer Agreement
“Completion Statement”	the statement in respect of the estimated adjusted net asset value of the Jiaxing Group or Fortune Land to be prepared by the Transferor and delivered to the Purchaser pursuant to the terms and conditions of the Asset Transfer Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	director(s) of the Company
“Final Consideration”	the winning bid price of the 75% of Jiaxing Group and the Shareholder’s Loan or 100% of Fortune Land (as the case may be)
“Fortune Land”	Fortune Land Industrial Development (Jiaxing) Pte. Ltd. (寶地工業地產發展(嘉興)有限公司), a company incorporated in the PRC and a non-wholly owned subsidiary of the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Minimum Consideration”	(i) in case of 75% of Jiaxing Group, being the minimum bid price of RMB111,389,000 and the Shareholder’s Loan; or (ii) in case of 100% of Fortune Land, being the minimum bid price of RMB365,550,000
“Jiaxing”	SSinolog (Jiaxing) I Pte. Ltd., a company incorporated in Singapore and a non-wholly owned subsidiary of the Group
“Jiaxing Group”	Jiaxing and its subsidiary which is Fortune Land
“Latest Practical Date”	29 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Disposal”	the potential disposal of either 75% of Jiaxing Group or 100% of Fortune Land by Public Tender
“PRC”	People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular only
“Property”	the property owned by Fortune Land with details set out in the paragraph headed “B. Jiaxing Group and Fortune Land – (d) Property owned by Fortune Land” in the Letter from the Board in this circular

DEFINITIONS

“Property Valuer”	Vincorn Consulting and Appraisal Limited, an independent Valuer in Hong Kong in relation to the valuation of the Property
“Proposed Mandate”	a general mandate proposed to be granted in advance by the Shareholders at the SGM to the Directors to enter into and complete the Potential Disposal through Public Tender
“Public Tender”	the public tender for the Potential Disposal through CBEX
“Publication Period”	the publication period for the Public Tender during which qualified bidders may submit to CBEX their applications for the bid
“Purchaser”	the successful bidder of the Public Tender
“Remaining Group”	the Group, excluding the Jiaxing Group or Fortune Land (as the case may be)
“SASAC”	the Stated-owned Assets Supervision and Administration Commission of the PRC
“Seller”	the Transferor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the resolution(s) in relation to the grant of the Proposed Mandate
“Shareholder’s Loan”	the shareholder’s loan owed by Jiaxing to CIPH of approximately RMB162,832,000
“Shareholders”	holders of the share(s) of HK\$0.10 each in the share capital of the Company
“SSCH”	SSinolog (China) Holding Pte. Ltd., a company incorporated in Singapore and a shareholder of Jiaxing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Jiaxing Group or Fortune Land

DEFINITIONS

“Transferor”	CIPH (in case of disposal of 75% of Jiaxing Group) or Jiaxing (in case of disposal of 100% of Fortune Land)
“Working Day(s)”	a day of days other than Saturday or Sunday, on which banks are open in the PRC to general public for business
“%”	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 RMB1 to HK\$1.0803. 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.

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. Zhu Yingying
Mr. Xu Zhigang
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 principal place of
business in Hong Kong:*

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

6 October 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED MANDATE IN RELATION TO
THE PROPOSED VERY SUBSTANTIAL DISPOSAL
THROUGH PUBLIC TENDER
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcements dated 11 May 2023 and 28 August 2023, respectively, in relation to the Proposed Mandate relating to the Potential Disposal through the Public Tender.

LETTER FROM THE BOARD

As the Company is a state-controlled listed company, the disposal of its state-owned assets or equity interests is required by laws and regulations of the PRC governing the disposal of state-controlled assets to undergo the process of public tender through a qualified equity exchange institution.

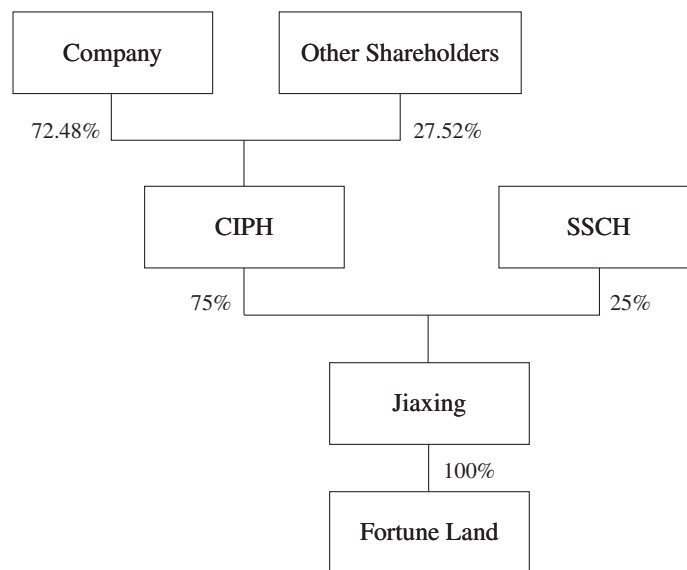
The purpose of this circular is to provide you with further information regarding, among other things, (i) further information of the Potential Disposal; (ii) the financial and other information of the Group; (iii) the financial information of Target Group; (iv) the unaudited pro forma financial information of the Remaining Group upon completion of the Potential Disposal; (v) the Property Valuation Report; and (vi) the notice of the SGM, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the SGM.

THE POTENTIAL DISPOSAL THROUGH PUBLIC TENDER

The Potential Disposal will be effected by disposal of either 75% of issued share capital of Jiaxing or 100% of equity interest in Fortune Land. The Company will make a decision in respect of the disposal of either 75% of Jiaxing Group or 100% of Fortune Land by Public Tender after completion of negotiation with interested buyers and the Company will take a first priority on the preference of the interested buyer that offering a higher price for the acquisition. The Company and SSCH are along the same lines to sell all of their respective shareholdings in the Jiaxing or Fortune Land as the best price.

Since the Company is a State-owned enterprise, each of the Jiaxing Group and Fortune Land constitutes State-owned assets and the disposal of which is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. The Potential Disposal will be carried out through CBEX and the successful bidder(s) will enter into the Asset Transaction Agreement with the Transferor according to the relevant rules and regulations of CBEX.

A. The Shareholding Structure of Jiaxing Group



LETTER FROM THE BOARD

B. Jiaxing Group and Fortune Land

(a) Shareholding Structure

SSinolog (Jiaxing) I Pte. Ltd. (“**Jiaxing**”) is a company incorporated in Singapore and is owned as to 75% by the CIPH and as to 25% by SSCH. Jiaxing is principally engaged in investment holding. Jiaxing wholly owns Fortune Land Industrial Development (Jiaxing) Pte. Ltd. (“**Fortune Land**”) which is a company established in the PRC with limited liability which is principally engaged in investment, development and operation of the Property and is the owner of the Property.

(b) Jiaxing Group

Set out below is a summary of the consolidated financial information of Jiaxing, based on its unaudited financial statements for the two financial years ended 31 December 2022 and 2021:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Net Profit before tax	75.47	11.82
Net Profit after tax	58.09	6.44

The unaudited consolidated net asset value of Jiaxing Group as at 30 June 2023 was approximately RMB66,106,000 (equivalent to approximately HK\$71,414,000).

(c) Fortune Land

Set out below is a summary of the financial information of Fortune Land, based on its unaudited financial statements for the two financial years ended 31 December 2022 and 2021:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Net Profit before tax	75.51	11.99
Net Profit after tax	58.13	6.6

LETTER FROM THE BOARD

The unaudited net asset value of Fortune Land as at 30 June 2023 was approximately RMB282,866,000 (equivalent to approximately HK\$305,580,000).

During the two years ended 31 December 2021 and 2022, the profit increment is mainly attributable to the fair value increment of the Property for the year ended 31 December 2022.

(d) Property owned by Fortune Land

The site area of the Property is 143,308.8 sq.m., and the lettable area is 90,112.58 sq.m. It is located at No. 685 Fenghua Road, Nanhu District, Jiaxing, Zhejiang Province, the People's Republic of China. Construction of the Property has been completed and currently in operation. The Property is of industrial use.

C. The Transferor

In respect of 75% of Jiaxing Group, the Transferor is CIPH, a company incorporated in the British Virgin Islands. It is a non-wholly owned subsidiary of the Group and is principally engaged in investment holding. The Company's interest in the CIPH is about 72.48%.

In respect of 100% of Fortune Land, the Transferor is Jiaxing, a company established in Singapore and is principally engaged in investment holding. Jiaxing is a non-wholly owned subsidiary of the Group. Jiaxing owns 100% of the equity interest of Fortune Land, Jiaxing is owned as to 75% by CIPH.

D. Major Terms of Potential Disposal

Qualification of Potential Bidders

The potential bidders shall satisfy, among others, the following qualifications:

1. the potential bidders must not be connected persons (as defined under Chapter 14A of the Listing Rules) of the Group;
2. the potential bidders shall be financially sound and solvent;
3. the potential bidders shall have good business credibility;
4. the potential bidders shall be validly established enterprises or natural persons who shall have full civil capacity; and
5. other qualifications stipulated under the laws and regulations of the PRC or as may be directed by the relevant PRC governmental authorities including CBEX.

LETTER FROM THE BOARD

Date and Procedures of the Public Tender

To commence the formal process of the Public Tender in respect of 75% of Jiaxing Group and 100% of Fortune Land, the Transferor will have to submit to CBEX the tender notice setting out, *inter alia*, (a) the minimum consideration; (b) the principal terms of the bid; and (c) descriptions and qualifications of potential bidders. The Transferor will submit the tender notice in respect of the Potential Disposal to CBEX as soon as practicable and in any event, within 15 Business Days after the Shareholders have granted the Proposed Mandate at the SGM.

The Publication Period will initially be not less than 20 Working Days from the date of the tender notice. During the Publication Period, qualified bidders may submit to CBEX their applications for the bids. Upon the close of the Public Tender, CBEX will notify the Transferors of the identity of the successful bidder.

As at the Latest Practicable Date, SSCH owns 25% of the total issued share capital in Jiaxing. Pursuant to the terms of a joint venture agreement entered into between the CIPH and SSCH on 15 November 2016 (the “**JV Agreement**”), each of the CIPH and SSCH has a right of first refusal to acquire the shares held by the other party in priority to any third-party purchaser of those shares. In addition, upon occurrence of a change of control of the Jiaxing, the CIPH or that of SSCH, the non-defaulting shareholder has the right to exercise a call option to require the defaulting shareholder to sell all its shares to the non-defaulting shareholder (the “**Default Call Option**”).

As both SSCH and the CIPH now intend to sell all of their respective shareholdings in the Jiaxing or Fortune Land, both SSCH and the CIPH will waive their respective rights of first refusal and the rights in relation to the Default Call Option under the JV Agreement prior to the formal submission of the tender notice to CBEX.

As at the Latest Practicable Date, material information of the Asset Transaction Agreement including the bidder, final consideration, payment, delivery and closing date have not been finalized. The Transferor will enter into the Asset Transaction Agreement upon confirmation of the successful bidder and the Company will comply with information disclosure obligations under the Listing Rules. As at the Latest Practicable Date, no agreement has been entered into between the Group and any other party in relation to the Potential Disposal.

Consideration

The CIPH and SSCH invited a number of interested buyers to submit a letter of intent in respect of the Potential Disposal, in order to (i) identifying the preference of interested buyers to acquire the Property whether through the acquisition of the Jiaxing Group or Fortune Land; (ii) if so, soliciting the price they would be willing to offer for the Property; and (iii) negotiating the key terms of the sale and purchase and where appropriate enter into non-legally binding memorandum of understanding.

LETTER FROM THE BOARD

The Initial Minimum Consideration, (i) in case of 75% of Jiaxing Group, being the minimum bid price of RMB111,389,000 (equivalent to approximately HK\$120,334,000) and the Shareholder's Loan due to CIPH by Jiaxing; or (ii) in case of 100% of Fortune Land, being the minimum bid price of RMB365,550,000 (equivalent to approximately HK\$394,904,000). The minimum bid price for 75% of Jiaxing Group and 100% of Fortune Land are determined by reference to 75% of the adjusted consolidated net asset value of Jiaxing Group, which is calculated based on (i) 75% of the unaudited consolidated net asset value of Jiaxing Group as at 30 June 2023 of approximately RMB66,106,000 (equivalent to approximately HK\$71,414,000); (ii) an addition of 75% of the deferred tax liability of approximately RMB32,585,000 (equivalent to approximately HK\$35,202,000) as at 30 June 2023 related to the accumulated fair value increment of the Property under relevant accounting standards; and (iii) an addition of 75% of the deferred revenue of approximately RMB49,827,000 (equivalent to approximately HK\$53,829,000) as at 30 June 2023 related to the accumulated government subsidies received that are recognised in profit or loss on the straight-line basis over the expected useful lives of the underlying assets under relevant accounting standards; and 100% of the adjusted net asset value of Fortune Land, which is calculated based on (i) the unaudited net asset value of Fortune Land as at 30 June 2023 of approximately RMB282,866,000 (equivalent to approximately HK\$305,580,000); (ii) an addition of the deferred tax liability of approximately RMB32,857,000 (equivalent to approximately HK\$35,495,000) as at 30 June 2023 related to the accumulated fair value increment of the Property under relevant accounting standards; and (iii) an addition of the deferred revenue of approximately RMB49,827,000 (equivalent to approximately HK\$53,829,000) as at 30 June 2023 related to the accumulated government subsidies received that are recognised in profit or loss on the straight-line basis over the expected useful lives of the underlying assets under relevant accounting standards.

The appraised value of the Property as at 31 July 2023 using the Market Approach in the valuation report on the Property which was issued by the Property Valuer is RMB368,000,000 (Appendix V). The same value has been reflected in the unaudited consolidated net asset value of Jiaxing Group and the unaudited net asset value of Fortune Land as at 30 June 2023.

Each of the aforesaid unaudited consolidated adjusted net asset value of Jiaxing Group or adjusted net asset value of Fortune Land have taken into account (i) the price submitted from the interested buyers for the Property and the preliminary fair value for the Property done by the independent valuer; (ii) an addition of the deferred tax liability related to the accumulated fair value increment of the investment property under the relevant accounting standards; and (iii) an addition of the received relevant government subsidies.

The Initial Minimum Consideration for 75% of Jiaxing Group or 100% of Fortune Land, as noted in the above paragraphs is indicative minimum consideration and will be adjusted when any proposed price of the investment property from interested buyers are higher than the valuation report of the investment property before the tender notice is submitted to CBEX.

The potential bidders shall pay an amount equivalent to no greater than 30% of the minimum consideration for 75% of Jiaxing Group or 100% of Fortune Land (as the case may be) to a designated account as deposit. Any deposit paid by the successful bidder(s)

LETTER FROM THE BOARD

shall be deemed to be part payment of the final consideration for the purchase of 75% of Jiaxing Group or 100% of Fortune Land. The full amount of the deposit shall be returned to the other bidders within 3 Working Days after the identity of the successful bidder(s) is confirmed by CBEX.

On Completion, in addition to the delivery and exchange of deliverables that are common to transactions of this nature, if the Purchaser elects to acquire the Jiaxing Group, shall advance to the Jiaxing an amount equivalent to the Shareholder's Loan due to the CIPH calculated up to the date of Completion and CIPH shall, utilising such advances, procure that the shareholder's loans are fully discharged or the Purchaser directly settles the Shareholder's Loan on behalf of Jiaxing to CIPH.

Conditions precedent to the Potential Disposal

The entering into and completion of the Potential Disposal shall be conditional upon, *inter alia*:

- (i) the Company having completed all filing procedures and obtained all necessary consents and approvals regarding the Potential Disposal including the approval by the Shareholders in respect of the Proposed Mandate at the SGM;
- (ii) the Purchaser having all necessary regulatory approval from the relevant authorities for the transfer of the subject shares or equity interest and Shareholder's Loan if required; and
- (iii) the Purchaser shall assess whether, under the relevant PRC anti-trust laws and regulations, anti-trust filings and/or approvals are required in respect of its acquisition of the equity interests of the Jiaxing or Fortune Land. If such filings or approvals are required, the Purchaser is obliged to make the necessary antitrust filing(s) with the relevant PRC anti-trust authorities and completion of the Potential Disposal shall be conditional upon the Purchaser having completed all necessary filing(s) and obtained all necessary approval(s) from such authorities. If the Purchaser fails to complete the transactions contemplated under the Potential Disposal due to its failure to submit the relevant anti-trust filing(s) or obtain all necessary approval(s) from the PRC anti-trust authorities, the Purchaser shall be liable to compensate the Transferor for damages.

Once a Purchaser for either 75% of Jiaxing Group or 100% of Fortune Land has been identified, the Transferor is unconditionally obliged under the rules of the CBEX to enter into the Asset Transaction Agreement with such Purchaser and shall, subject to the fulfilment of the conditions precedent and the payment of the consideration by the Purchaser, complete the transaction contemplated thereunder.

The Company has consulted CBEX regarding the requirements and tendering procedures applicable to the Potential Disposal and CBEX indicated that a tender

LETTER FROM THE BOARD

conditional on shareholders' approval will not be acceptable under the rules of CBEX. Given such restriction, the Company would not be able to conduct the Potential Disposal under the public tender process unless a prior mandate is sought.

Rental Guarantee

The CIPH undertakes, or shall procure its affiliated company approved by the Purchaser (the "**Rental Guarantor**") to undertake that the lettable area of 90,112.58 square meters of the Property will be fully leased during a period of 12 months starting from the completion date in relation to Potential Disposal (the "**Guarantee Period**"). During the Guarantee Period, the Rental Guarantor will pay the rental fee for any unleased area of the Property. The rental fee is calculated by multiplying the rate of RMB26 per square meter per month (including property management fee) by the unleased square meters. The Rental Guarantor shall be responsible for only 75% of the rental fee for the unleased area of the Property. As the Latest Practicable Date, the occupancy rate is approximately 92%.

The interested buyers have offered the price for the Property under the condition that the Property is fully leased. The agreed rental rate has been determined after arm's length negotiations between the parties with reference to the current market rental rate payable by existing tenants of the Property.

Post-Completion Matters

Completion Accounts

After the Completion, the Transferor shall prepare and deliver to the Purchaser the Completion Accounts and Completion Statement setting out all the assets and all the liabilities in respect of Jiaxing Group or Fortune Land as at the date of Completion. The Purchaser and the Transferor shall attempt in good faith to agree in writing the item(s) in the Completion Accounts and Completion Statement and such agreement shall be final and binding on the Seller and the Purchaser for all purposes.

If the Seller and the Purchaser are unable to reach agreement in respect of the Completion Accounts and Completion Statement, the items in dispute shall be referred to an auditor for review. Such auditor shall provide their determination on the adjustments to the Completion Accounts and Completion Statement arising from the disputed items. The auditors' determination shall be final and conclusive on the Transferor and the Purchaser.

Representations and Warranties

The Transferor shall give certain representations and warranties in relation to Jiaxing Group or Fortune Land in the Asset Transfer Agreement, including but not limited to (i) due incorporation and valid existence; (ii) title and ownership in relation to the equity interest of Jiaxing or Fortune Land held by the Transferor; (iii) compliance with applicable

LETTER FROM THE BOARD

laws and regulations; (iv) financial conditions and liabilities; and (v) title and ownership of the Property.

E. Taxation

The Potential Disposal is subject to payment of Singapore stamp duty (if the Potential Disposal is effected by transfer of shares of Jiaxing) and PRC tax liabilities in relation to indirect transfer of equity interest in PRC resident enterprises pursuant to the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“Circular 7”) issued by the PRC State Taxation Administration on 3 February 2015 and the Announcement on Issues concerning the Withholding of Enterprise Income Tax at Source on Non-Resident Enterprises (《國家稅務總局關於非居民企業間所得稅源泉扣繳有關問題的公告》) (“Circular 37”) which became effective on 1 December 2017.

In relation to the PRC tax liabilities under Circular 7 and Circular 37, the Transferor shall at its own cost report the Potential Disposal to the relevant tax authorities within 30 days from the execution of the Asset Transaction Agreement and make payment of any tax imposed by such authorities pursuant to Circular 7 in accordance with the deadline stipulated under Circular 7. The estimated amount of tax liabilities based on the Initial Minimum Consideration are HK\$16,217,000 (disposal of 100% of Fortune Land) and HK\$12,163,000 (disposal of 75% of Jiaxing Group).

The Purchaser shall bear the cost of Singapore stamp duty, any notarial fees and all registration and transfer taxes and duties or their equivalents in all jurisdictions that are payable as a result of the Potential Disposal.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

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) modernised industrial plants; and (v) investments in commercial properties and primary land development.

The Company positions itself as a developer of specialised real estate in logistics, cold chain, industrial and commercial sectors as well as primary land development. As a developer, profits of the Company are generated primarily from two streams: (i) daily operations such as rental income from hotels, malls, general and cold warehouses and agricultural market, handling and processing income from general and cold warehouses, income from supply chain services; and (ii) sales of developed and matured properties and developed land.

The business model of the Company is: (i) to invest in projects at their initial stage; (ii) to cultivate the value of the projects after development; and (iii) to sell the projects at a satisfactory value. The cash returned will be used: (i) to repay the loans of the Group to reduce continuous finance costs and thus increase the profitability of the Group; (ii) to reinvest in new

LETTER FROM THE BOARD

projects to create another future profit-generating opportunity; and (iii) to distribute appropriate returns to the Shareholders as investment returns to investors. According to the business model of the Company, the Company believes the operating gain and the gain in the growing capital value of its projects will eventually bring remarkable returns to its Shareholders following the continuous growth in economy of the PRC as well as the successful implementation of the Belt and Road Initiatives.

Since 2009, the Group has invested substantial amount of capital in investing and developing a variety of projects in prime areas in the PRC and overseas. Following the stable income generated by the projects and the stable economic growth of the PRC, the capital value of certain projects has satisfactory growth compared to the initial investments of the Group. Accordingly, the Board is of the view that it is an appropriate time to dispose of a number of matured projects located in the PRC. The Potential Disposal will generate not less than approximately RMB258,339,000 cash for the Group to achieve the abovementioned purposes of reducing its debts, reinvestments and distributions. The Group will, post Potential Disposal, further make use of its strengths, being a State-owned enterprise, to further acquire land for development in prime locations to further expand its presence in logistics, industrial, cold chain sectors in the PRC to consolidate its long-term profitability and capital gain growing model. The Company will also gradually increase its portfolio of managing third party real estate as an income source, as opposed to substantially relying on asset investment as currently engaged as its income source.

The Potential Disposal is a benchmark of the completed business model of the Group. It is expected that the sale of developed properties and land will become the Group's ordinary activity in future. Following the completion of the Potential Disposal, the profit from the sales of properties which is one of the major income of the Company under its model, can be fairly reflected in its financial statements, its cash position will be strengthened and the continuous positive cash cycle can also be established.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the key terms of the Potential Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE POTENTIAL DISPOSAL

The Group is expected to record a gain of approximately RMB44,476,000 (equivalent to approximately HK\$48,048,000) from the disposal of Jiaxing Group, if materialised, which is estimated based on the aggregate of (a) the minimum bid price for 75% of Jiaxing Group is RMB111,389,000 (equivalent to approximately HK\$120,334,000); less (b) the exchange loss to be released as a result of the disposal from the foreign exchange reserve of approximately RMB5,454,000 (equivalent to approximately HK\$5,892,000); and (c) 75% of the carrying amount of the consolidated net asset value of Jiaxing Group as at 30 June 2023 of approximately RMB66,106,000 (equivalent to approximately HK\$71,414,000), which is RMB49,580,000 (equivalent to approximately HK\$53,561,000); and (d) the relevant transaction expenditures and taxation of approximately RMB11,879,000 (equivalent to approximately HK\$12,833,000).

LETTER FROM THE BOARD

The Group is expected to record a gain of approximately RMB39,854,000 (equivalent to approximately HK\$43,055,000) from the disposal of Fortune Land, if materialised, which is estimated based on the aggregate of (a) the minimum bid price for 100% of Fortune Land is RMB365,550,000 (equivalent to approximately HK\$394,904,000); less (b) the exchange loss to be released as a result of the disposal from the foreign exchange reserve of approximately RMB27,078,000 (equivalent to approximately HK\$29,252,000); and (c) the carrying amount of the 100% equity interest in Fortune Land as at 30 June 2023 of approximately RMB282,866,000 (equivalent to approximately HK\$305,580,000); and (d) the relevant transaction expenditures and taxation of approximately RMB15,752,000 (equivalent to approximately HK\$17,017,000).

The Initial Minimum Consideration for 75% of Jiaxing Group is approximately RMB274,221,000 (equivalent to approximately HK\$296,241,000) before deduction of the expected withholding tax and other transaction expenditures of approximately RMB11,879,000 (equivalent to approximately HK\$12,833,000) and the cash and bank balances held by the Jiaxing Group as at 30 June 2023 of approximately RMB5,424,000 (equivalent to approximately HK\$5,859,000) which CIPH owns 75% interest in Jiaxing (i.e. being RMB4,068,000 (equivalent to approximately HK\$4,395,000)). After considering all the abovementioned cash flow, the cash generated for CIPH will be approximately RMB258,274,000 (equivalent to approximately HK\$279,013,000).

The Initial Minimum Consideration for 100% of Fortune Land is approximately RMB365,550,000 (equivalent to approximately HK\$394,904,000) before deduction of the expected withholding tax and other transaction expenditures of approximately RMB15,752,000 (equivalent to approximately HK\$17,017,000) and the cash and bank balances held by Fortune Land as at 30 June 2023 of approximately RMB5,346,000 (equivalent to approximately HK\$5,775,000). After considering all the abovementioned cash flow, the cash generated for Jiaxing will be approximately RMB344,452,000 (equivalent to approximately HK\$372,112,000). Since CIPH owns 75% interest in Jiaxing, the cash generated for CIPH will be approximately RMB258,339,000 (equivalent to approximately HK\$279,084,000) after distribution.

According to the interim report of the Company for the six months ended 30 June 2023, the consolidated total assets and total liabilities of the Group as at 30 June 2023 were approximately HK\$16,904 million and HK\$12,679 million respectively. Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix IV to this circular, assuming Completion had taken place on 30 June 2023, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 30 June 2023, taking into account the impact of the disposal of 75% of Jiaxing Group, would become approximately HK\$16,781 million and HK\$12,521 million respectively while the impact of the disposal of 100% of Fortune Land would become approximately HK\$16,876 million and HK\$12,579 million, respectively.

Shareholders should note that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Remaining Group will be upon completion of the Potential Disposal. The actual amount of the gain from the Potential Disposal to be recognised in the consolidated financial statements of the Group depends on,

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among others, the final bid price of the Public Tender and the net asset values of the Jiaxing Group or Fortune Land on the date of the Completion and therefore will be subject to final audit.

Subject to and upon the Completion, the Group will not hold any share in each member of Jiaxing Group (if the Potential Disposal is effect by disposal of shares of Jiaxing) or Fortune Land and they will cease to be subsidiaries of the Company and the financial information of the aforesaid companies will no longer be consolidated into the Group's consolidated financial statements.

INTENDED USE OF PROCEEDS

It is intended that the net proceeds from the Potential Disposal shall be used to repay the loans of the Group to reduce continuous finance costs and thus increase the profitability of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Based on the amount of the Initial Minimum Consideration, one or more applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal exceeds 75%. Therefore, the Potential Disposal is expected to constitute a very substantial disposal of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Potential Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Potential Disposals and the transactions contemplated thereunder.

SGM

A notice convening the SGM to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 24 October 2023 is set out in pages SGM-1 to SGM-2 of this circular. Ordinary resolution will be proposed at the SGM to consider and, if thought fit, approve the Potential Disposal and the transactions contemplated thereunder and granting in advance to the Directors the Proposed Mandate to enter into and complete the Potential Disposal. All the proposed resolutions at the SGM will be decided by way of poll. A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Company and the Stock Exchange at www.bphl.com.hk and www.hkex.com.hk respectively. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated website (<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 as soon as possible and in any event not less

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than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll save for purely procedural or administrative matters. Under Bye-Law 73, the resolutions at the SGM will be put to vote by way of poll.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Potential Disposal and his/her/its close associates is/are required to abstain from voting on the relevant resolutions at the SGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Potential Disposal and, accordingly, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Potential Disposal at the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Potential Disposal and the transactions contemplated thereunder will be on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all the Shareholders to vote in favour of the resolution(s) as set out in the notice of the SGM.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION

Management discussion and analysis and financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.bphl.com.hk) respectively:

- the 2020 annual report of the Company for the year ended 31 December 2020 which was published on 29 April 2021 (pages 6 to 25 and 62 to 168) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900607.pdf>);
- the 2021 annual report of the Company for the year ended 31 December 2021 which was published on 25 April 2022 (pages 6 to 26 and 62 to 178) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501625.pdf>);
- the 2022 annual report of the Company for the year ended 31 December 2022 which was published on 27 April 2023 (pages 6 to 24 and 58 to 172) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701535.pdf>); and
- the 2023 interim report of the Company for the six months ended 30 June 2023 dated 28 September 2023 (pages 4 to 44) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0927/2023092700683.pdf>).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2023, 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) banks loans with an aggregate principal amount of approximately HK\$3,062,173,000, 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; (2) unsecured bank loans with an aggregate principal amount of approximately RMB1,251,446,000 (equivalent to approximately HK\$1,367,133,000) guaranteed by the Company; (3) unguaranteed and unsecured bank loans with an aggregate principal amount of approximately HK\$4,116,148,000; and (4) loans from fellow subsidiaries of the Company with an aggregate principal amount of approximately HK\$917,253,000.

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 31 August 2023, 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 certain bank and other loan agreements, certain amounts of bank and other loans will be due within the next 12 months from the date of this circular. In considering of that, 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 bank and other loans. In addition, the Directors have proposed to dispose of some of the Group's projects, such as the Potential Disposal in this circular, 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 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 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 completion of new debts financing and (ii) the successful disposal of the Group's properties; or failing which, the success in (iii) obtaining the continual financial support and funding from the Company's holding companies or fellow subsidiaries.

The Directors, after due and careful enquiry, are of the opinion that, after taking into account (i) the net proceeds from disposal of the Group's properties; (ii) the Group's internal resources and continual stable cash flows from operations; (iii) the Group's ability to refinance its existing debts upon maturity through financing activities including completion of new debts financing and renewal of existing bank borrowings and facilities; or failing which, (iv) the continual financial support and funding from the Company's holding companies or fellow subsidiaries, 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. MATERIAL ADVERSE CHANGE

The Directors are not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING 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) modernised industrial plants; and (v) investments in commercial properties and primary land development. The Group

positions itself as a professional property developer that engages in businesses such as logistics property, cold chain property, industrial property and commercial property, as well as primary land development. As a developer, our profit is primarily derived from profits from the disposal of projects. The Group's business development model is divided into four stages, which are: financing – investment – management and disposal.

As disclosed in the Company's 2022 annual report, following the successful disposal of two logistics projects in Tongzhou District, Beijing and Taicang City, Jiangsu Province and three industrial projects in Jiangsu Province in 2022, which realised a profit of approximately HK\$594,967,000, the Group's loss attributable to the shareholders for the year 2022 decreased from approximately HK\$373,982,000 in 2021 to approximately HK\$121,967,000 in 2022. The majority of the proceeds from the disposal have been used to repay debt. The Group will endeavor to continue to dispose of various mature assets to further reduce debt and finance charges and continue to enhance profitability.

After careful assessment, the Group considers that the previous business model is not sustainable under the current international environment with too many unfavourable factors, especially in view of the increasing lending rates in the past two years, the Group has decided to transform to asset-light business as soon as possible, therefore, the heavy asset projects held by the Group will be disposed of as soon as possible in order to avoid heavy financial charges which will further affect the profitability of the Company. Certain asset disposals are now in the final stage, and it is expected that there will be several successful project disposals in 2023 to further recover funds. At the same time, the Group will explore other realisation tools in addition to asset disposals with the aim of expediting the disposal of existing assets and fast return of funds.

Since 2019, the Group has been deepening its cold chain warehousing business, which has been developing steadily, and developing upstream and downstream supply chains of the cold chain industry in depth. So far, the development of our supply chain business has begun to bear fruit and we expect to achieve better results in 2023.

The Potential Disposal is one of the measures of the Group to dispose of properties, which will generate cash of approximately RMB258,339,000 to be used to repay certain debts of the Group to reduce continuous finance costs and improve the profitability of the Group in the foreseeable future. The Potential Disposal will not have any significant impact on the existing business of the remaining Group. The remaining Group will continue to carry out its existing businesses.

The Board is of the view that the Completion of the Potential Disposal can strengthen the cash position of the Group as a positive cash cycle will be established and it will also help reduce the Group's reliance on debt financing and thus improve the financial performance of the Group in the future.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of SSinolog (Jiaxing) I Pte. Ltd. and its subsidiary and the unaudited statements of financial position of Fortune Land Industrial Development (Jiaxing) Pte. Ltd. (collectively, the “**Target Group**”) as at 31 December 2020, 2021 and 2022 and 30 June 2023, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of SSinolog (Jiaxing) I Pte. Ltd. and its subsidiary and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and the unaudited statements of cash flows of Fortune Land Industrial Development (Jiaxing) Pte. Ltd. for the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 (“the **Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and prepared on the basis set out in note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Proposed Disposal.

Ernst & Young, Certified Public Accountants, the auditor of the Company, was engaged to review the Unaudited Financial Information of the Target Group set out on pages II-2 to II-19 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Group, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

(A) JIAXING GROUP

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	For the year ended 31 December			For six months ended	
	2020	2021	2022	30 June	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
REVENUE	5,750	12,915	24,466	13,509	13,473
Cost of services	(1,099)	(1,836)	(2,362)	(1,399)	(1,716)
Gross profit	4,651	11,079	22,104	12,110	11,757
Changes in fair value of investment properties, net	17,904	11,701	59,446	58,003	(19,239)
Other income and gains, net	1,512	969	1,372	443	798
Administrative expenses	(5,078)	(4,727)	(6,437)	(4,401)	(5,929)
Finance costs	(7,995)	(7,199)	(1,018)	(900)	(10)
PROFIT/(LOSS) BEFORE TAX	10,994	11,823	75,467	65,255	(12,623)
Income tax	(6,925)	(5,385)	(17,377)	(15,738)	3,589
PROFIT/(LOSS) FOR THE YEAR/PERIOD	4,069	6,438	58,090	49,517	(9,034)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
– Exchange differences on translation of foreign operations	1,264	828	(3,938)	(2,847)	(3,392)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	1,264	828	(3,938)	(2,847)	(3,392)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF INCOME TAX OF NIL	1,264	828	(3,938)	(2,847)	(3,392)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	5,333	7,266	54,152	46,670	(12,426)

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020, 2021 and 2022 and 30 June 2023

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	369	358	237	178
Investment properties	385,938	409,414	435,743	397,550
Pledged and restricted bank deposits	3,764	–	–	–
	<u>390,071</u>	<u>409,772</u>	<u>435,980</u>	<u>397,728</u>
Total non-current assets				
CURRENT ASSETS				
Trade receivables	1,134	1,103	–	1,922
Prepayments, deposits and other receivables	21,909	21,908	545	692
Pledged and restricted bank deposits	–	1,839	–	–
Cash and cash equivalents	1,240	14,775	3,361	5,859
	<u>24,283</u>	<u>39,625</u>	<u>3,906</u>	<u>8,473</u>
Total current assets				
CURRENT LIABILITIES				
Other payables and accruals	(16,995)	(16,009)	(12,033)	(12,407)
Amount due to fellow subsidiaries	(140,697)	(205,126)	(186,330)	(175,907)
Amount due to a non-controlling shareholder	(42,937)	–	–	–
Bank borrowings	(16,150)	–	–	–
	<u>(216,779)</u>	<u>(221,135)</u>	<u>(198,363)</u>	<u>(188,314)</u>
Total current liabilities				
NET CURRENT LIABILITIES	<u>(192,496)</u>	<u>(181,510)</u>	<u>(194,457)</u>	<u>(179,841)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>197,575</u>	<u>228,262</u>	<u>241,523</u>	<u>217,887</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT LIABILITIES				
Amount due to a non-controlling shareholder	–	(66,508)	(61,431)	(58,636)
Bank borrowings	(121,600)	(44,717)	–	–
Deferred income	(33,878)	(61,552)	(55,769)	(52,635)
Deferred tax liabilities	(19,675)	(25,797)	(40,483)	(35,202)
	<u>(175,153)</u>	<u>(198,574)</u>	<u>(157,683)</u>	<u>(146,473)</u>
 Total non-current liabilities				
	<u>(175,153)</u>	<u>(198,574)</u>	<u>(157,683)</u>	<u>(146,473)</u>
 Net assets	<u>22,422</u>	<u>29,688</u>	<u>83,840</u>	<u>71,414</u>
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	1	1	1	1
Reserves	22,421	29,687	83,839	71,413
	<u>22,422</u>	<u>29,688</u>	<u>83,840</u>	<u>71,414</u>
 Total equity				
	<u>22,422</u>	<u>29,688</u>	<u>83,840</u>	<u>71,414</u>

Yue Chen
Director

Cheng Ching Fu
Director

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	Issued capital <i>HK\$'000</i> (Unaudited)	Exchange fluctuation reserve <i>HK\$'000</i> (Unaudited)	PRC statutory reserve <i>HK\$'000</i> (Unaudited)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2020	1	(654)	773	16,969	17,089
Profit for the year	-	-	-	4,069	4,069
Other comprehensive income for the year:					
- Exchange differences on translation of foreign operations	-	1,264	-	-	1,264
Total comprehensive income for the year	-	1,264	-	4,069	5,333
At 31 December 2020 and 1 January 2021	1	610	773	21,038	22,422
Profit for the year	-	-	-	6,438	6,438
Other comprehensive income for the year:					
- Exchange differences on translation of foreign operations	-	828	-	-	828
Total comprehensive income for the year	-	828	-	6,438	7,266
Transfer to reserves	-	-	30	(30)	-
At 31 December 2021 and 1 January 2022	1	1,438	803	27,446	29,688
Profit for the year	-	-	-	58,090	58,090
Other comprehensive loss for the year:					
- Exchange differences on translation of foreign operations	-	(3,938)	-	-	(3,938)
Total comprehensive income/(loss) for the year	-	(3,938)	-	58,090	54,152
Transfer to reserves	-	-	(29)	29	-
At 31 December 2022	<u>1</u>	<u>(2,500)</u>	<u>774</u>	<u>85,565</u>	<u>83,840</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Issued capital <i>HK\$'000</i> (Unaudited)	Exchange fluctuation reserve <i>HK\$'000</i> (Unaudited)	PRC statutory reserve <i>HK\$'000</i> (Unaudited)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2022	1	1,438	803	27,446	29,688
Profit for the period	–	–	–	49,517	49,517
Other comprehensive loss for the period:					
– Exchange differences on translation of foreign operations	–	(2,847)	–	–	(2,847)
Total comprehensive income/(loss) for the period	–	(2,847)	–	49,517	46,670
At 30 June 2022	<u>1</u>	<u>(1,409)</u>	<u>803</u>	<u>76,963</u>	<u>76,358</u>
At 1 January 2023	1	(2,500)	774	85,565	83,840
Loss for the period	–	–	–	(9,034)	(9,034)
Other comprehensive loss for the period:					
– Exchange differences on translation of foreign operations	–	(3,392)	–	–	(3,392)
Total comprehensive loss for the period	–	(3,392)	–	(9,034)	(12,426)
At 30 June 2023	<u>1</u>	<u>(5,892)</u>	<u>774</u>	<u>76,531</u>	<u>71,414</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	30 June	
	HK\$'000	HK\$'000	HK\$'000	2022	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	10,994	11,823	75,467	65,255	(12,623)
Adjustments for:					
Depreciation of items of property, plant and equipment	83	102	104	53	51
Bank interest income	(142)	(165)	(55)	(43)	(16)
Government grants	(1,362)	(802)	(1,287)	(400)	(625)
Finance costs	7,995	7,199	1,018	900	10
Changes in fair value of an investment property	(17,904)	(11,701)	(59,446)	(58,003)	19,239
Operating profit/(loss) before working capital changes	(336)	6,456	15,801	7,762	6,036
(Increase)/decrease in trade receivables	(1,074)	67	1,048	(139)	(2,014)
(Increase)/decrease in prepayments, deposits and other receivables	538	695	18,881	20,729	(180)
Increase/(decrease) in other payables and accruals	(4,383)	(2,078)	(3,968)	(4,232)	966
Net cash flows generated from/(used in) operating activities	(5,255)	5,140	31,762	24,120	4,808

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	30 June	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	143	165	55	43	16
Purchases of items of property, plant and equipment	(34)	(79)	(8)	–	–
Government grants received	–	27,491	–	–	–
Decrease in time deposits with maturity of more than three months when acquired	–	2,012	1,748	–	–
Net cash flows from investing activities	<u>109</u>	<u>29,589</u>	<u>1,795</u>	<u>43</u>	<u>16</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bank loans	(22,486)	(95,798)	(42,521)	(44,082)	–
Advances from/(repayment to) fellow subsidiaries, net	(4,933)	58,789	(2,378)	6,646	(2,716)
Advances from a non-controlling shareholder	42	21,805	23	–	–
Interests paid	(7,995)	(7,199)	(1,018)	(900)	(10)
Net cash flows used in financing activities	<u>(35,372)</u>	<u>(22,403)</u>	<u>(45,894)</u>	<u>(38,336)</u>	<u>(2,726)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period	45,106	5,004	16,614	16,614	3,361
Effect of foreign exchange rate changes, net	416	(716)	(916)	200	400
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>5,004</u></u>	<u><u>16,614</u></u>	<u><u>3,361</u></u>	<u><u>2,641</u></u>	<u><u>5,859</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	30 June	
	HK\$'000	HK\$'000	HK\$'000	2022	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the unaudited consolidated statement of financial position	1,240	14,775	3,361	1,236	5,859
Add: pledged and restricted bank deposits	3,764	1,839	–	1,405	–
	<u>5,004</u>	<u>16,614</u>	<u>3,361</u>	<u>2,641</u>	<u>5,859</u>
Cash and cash equivalents as stated in the unaudited consolidated statement of cash flows	<u>5,004</u>	<u>16,614</u>	<u>3,361</u>	<u>2,641</u>	<u>5,859</u>

NOTES TO THE FINANCIAL INFORMATION**1. CORPORATE INFORMATION**

SSinolog (Jiaxing) I Pte. Ltd. (“**Jiaxing**”) is a limited liability company incorporated in Singapore. Its registered office is located at 16 Raffles Quay #10-00 Hong Leong Building, Singapore 048581.

The principal activity of Jiaxing was investment holding. Its subsidiary, Fortune Land Industrial Development (Jiaxing) Pte. Ltd., was involved in leasing of industrial plants and provision of related management services.

The immediate holding company of Jiaxing was China Industrial Properties (Holdings) Limited (“**CIPL**”), which is incorporated in the British Virgin Islands with limited liability.

In the opinion of the directors, the ultimate holding company of Jiaxing is 北京控股集團有限公司, which is a state-owned enterprise established in the People’s Republic of China (the “**PRC**”) and is wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

2. BASIS OF PRESENTATION AND PREPARATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Financial Information of Jiaxing for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 has been prepared solely for the purpose of inclusion in the circular to be issued by Beijing Properties (Holdings) Limited (the “**Company**”), the intermediate holding company of Jiaxing, in connection with the Potential Disposal in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules.

The amounts included in the Unaudited Financial Information of Jiaxing have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the relevant periods, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information of Jiaxing has been prepared under the historical cost convention except for investment properties that are measured at fair values.

The Unaudited Financial Information of Jiaxing does not contain sufficient information to constitute a complete set of consolidated financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* issued by the HKICPA and should be read in connection with the relevant published annual reports of the Group for the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

(B) FORTUNE LAND

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	For the year ended 31 December			For six months ended	
	2020	2021	2022	30 June	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
REVENUE	5,750	12,915	24,466	13,509	13,473
Cost of services	(1,099)	(1,836)	(2,362)	(1,399)	(1,716)
Gross profit	4,651	11,079	22,104	12,110	11,757
Changes in fair value of investment properties, net	17,904	11,701	59,446	58,003	(19,239)
Other income and gains, net	1,511	968	1,372	442	798
Administrative expenses	(5,007)	(4,564)	(6,393)	(4,363)	(5,918)
Finance costs	(7,995)	(7,199)	(1,018)	(900)	(10)
PROFIT/(LOSS) BEFORE TAX	11,064	11,985	75,511	65,292	(12,612)
Income tax	(6,925)	(5,385)	(17,377)	(15,738)	3,589
PROFIT/(LOSS) FOR THE YEAR/PERIOD	4,139	6,600	58,134	49,554	(9,023)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
– Exchange differences on translation of foreign operations	11,224	6,365	(24,334)	(14,737)	(14,568)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	11,224	6,365	(24,334)	(14,737)	(14,568)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF INCOME TAX OF NIL	11,224	6,365	(24,334)	(14,737)	(14,568)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	15,363	12,965	33,800	34,817	(23,591)

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED STATEMENT OF FINANCIAL POSITION

31 December 2020, 2021 and 2022 and 30 June 2023

	As at 31 December			As at
	2020	2021	2022	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	369	358	237	178
Investment properties	385,938	409,414	435,743	397,550
Pledged and restricted bank deposits	3,764	–	–	–
	<u>390,071</u>	<u>409,772</u>	<u>435,980</u>	<u>397,728</u>
Total non-current assets				
CURRENT ASSETS				
Trade receivables	1,134	1,103	–	1,922
Prepayments, deposits and other receivables	21,909	21,908	545	692
Pledged and restricted bank deposits	–	1,839	–	–
Cash and cash equivalents	1,121	14,632	3,261	5,775
	<u>24,164</u>	<u>39,482</u>	<u>3,806</u>	<u>8,389</u>
Total current assets				
CURRENT LIABILITIES				
Other payables and accruals	(16,994)	(16,008)	(12,033)	(12,407)
Amount due to fellow subsidiaries	(11,875)	(5,516)	(2,037)	–
Bank borrowings	(16,150)	–	–	–
	<u>(45,019)</u>	<u>(21,524)</u>	<u>(14,070)</u>	<u>(12,407)</u>
Total current liabilities				
NET CURRENT ASSETS/(LIABILITIES)				
	<u>(20,855)</u>	<u>17,958</u>	<u>(10,264)</u>	<u>(4,018)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
	<u>369,216</u>	<u>427,730</u>	<u>425,716</u>	<u>393,710</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	As at 31 December			As at
	2020	2021	2022	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT LIABILITIES				
Bank borrowings	(121,600)	(44,717)	–	–
Deferred income	(33,878)	(61,552)	(55,769)	(52,635)
Deferred tax liabilities	(19,968)	(26,090)	(40,776)	(35,495)
Total non-current liabilities	<u>(175,446)</u>	<u>(132,359)</u>	<u>(96,545)</u>	<u>(88,130)</u>
Net assets	<u>193,770</u>	<u>295,371</u>	<u>329,171</u>	<u>305,580</u>
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	167,509	256,145	256,145	256,145
Reserves	26,261	39,226	73,026	49,435
Total equity	<u>193,770</u>	<u>295,371</u>	<u>329,171</u>	<u>305,580</u>

Yue Chen
Director

Cheng Ching Fu
Director

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED STATEMENT OF CHANGE IN EQUITY

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	Issued capital <i>HK\$'000</i> (Unaudited)	Exchange fluctuation reserve <i>HK\$'000</i> (Unaudited)	PRC statutory reserve <i>HK\$'000</i> (Unaudited)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2020	167,509	(7,939)	773	18,064	178,407
Profit for the year	–	–	–	4,139	4,139
Other comprehensive income for the year:					
– Exchange differences on translation of foreign operations	–	11,224	–	–	11,224
Total comprehensive income for the year	–	11,224	–	4,139	15,363
At 31 December 2020 and 1 January 2021	167,509	3,285	773	22,203	193,770
Profit for the year	–	–	–	6,600	6,600
Other comprehensive income for the year:					
– Exchange differences on translation of foreign operations	–	6,365	–	–	6,365
Total comprehensive income for the year	–	6,365	–	6,600	12,965
Transfer to reserves	–	–	30	(30)	–
Capital injection from the immediate holding company	88,636	–	–	–	88,636
At 31 December 2021 and 1 January 2022	256,145	9,650	803	28,773	295,371
Profit for the year	–	–	–	58,134	58,134
Other comprehensive loss for the year:					
– Exchange differences on translation of foreign operations	–	(24,334)	–	–	(24,334)
Total comprehensive income/(loss) for the year	–	(24,334)	–	58,134	33,800
Transfer to reserves	–	–	(29)	29	–
At 31 December 2022	<u>256,145</u>	<u>(14,684)</u>	<u>774</u>	<u>86,936</u>	<u>329,171</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Issued capital <i>HK\$'000</i> (Unaudited)	Exchange fluctuation reserve <i>HK\$'000</i> (Unaudited)	PRC statutory reserve <i>HK\$'000</i> (Unaudited)	Retained profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1 January 2022	256,145	9,650	803	28,773	295,371
Profit for the period	–	–	–	49,554	49,554
Other comprehensive loss for the period:					
– Exchange differences on translation of foreign operations	–	(14,737)	–	–	(14,737)
Total comprehensive income/(loss) for the period	–	(14,737)	–	49,554	34,817
At 30 June 2022	<u>256,145</u>	<u>(5,087)</u>	<u>803</u>	<u>78,327</u>	<u>330,188</u>
At 1 January 2023	256,145	(14,684)	774	86,936	329,171
Loss for the period	–	–	–	(9,023)	(9,023)
Other comprehensive loss for the period:					
– Exchange differences on translation of foreign operations	–	(14,568)	–	–	(14,568)
Total comprehensive loss for the period	–	(14,568)	–	(9,023)	(23,591)
At 30 June 2023	<u>256,145</u>	<u>(29,252)</u>	<u>774</u>	<u>77,913</u>	<u>305,580</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021, 2022 and six months ended 30 June 2023

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	11,064	11,985	75,511	65,292	(12,612)
Adjustments for:					
Depreciation of items of property, plant and equipment	83	102	104	53	51
Bank interest income	(142)	(164)	(55)	(43)	(16)
Government grants	(1,362)	(802)	(1,287)	(400)	(625)
Finance costs	7,995	7,199	1,018	900	10
Changes in fair value of an investment property	(17,904)	(11,701)	(59,446)	(58,003)	19,239
Operating profit/(loss) before working capital changes	(266)	6,619	15,845	7,799	6,047
(Increase)/decrease in accounts and bills receivable	(1,074)	67	1,048	(139)	(2,014)
(Increase)/decrease in prepayments, deposits and other receivables	538	695	18,893	20,728	(180)
Increase/(decrease) in other payables and accruals	(4,383)	(2,078)	(3,968)	(4,258)	966
Net cash flows generated from/(used in) operating activities	(5,185)	5,303	31,818	24,130	4,819

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	30 June	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	143	164	55	43	16
Purchases of items of property, plant and equipment	(34)	(79)	(8)	–	–
Government grant received	–	27,491	–	–	–
Decrease in time deposits with maturity of more than three months when acquired	–	2,012	1,748	–	–
Net cash flows from investing activities	<u>109</u>	<u>29,588</u>	<u>1,795</u>	<u>43</u>	<u>16</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital injection from the immediate holding company	–	88,636	–	–	–
Repayment of bank loans	(22,486)	(95,798)	(42,521)	(44,082)	–
Advances from/(repayment to) fellow subsidiaries, net	(5,059)	(6,626)	(2,378)	6,646	(2,716)
Interests paid	(7,995)	(7,199)	(1,018)	(900)	(10)
Net cash flows used in financing activities	<u>(35,540)</u>	<u>(20,987)</u>	<u>(45,917)</u>	<u>(38,336)</u>	<u>(2,726)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
	(40,616)	13,904	(12,304)	(14,163)	2,109
Cash and cash equivalents at beginning of year/period	45,091	4,885	16,471	16,471	3,261
Effect of foreign exchange rate changes, net	410	(2,318)	(906)	206	405
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>4,885</u></u>	<u><u>16,471</u></u>	<u><u>3,261</u></u>	<u><u>2,514</u></u>	<u><u>5,775</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	30 June	
	HK\$'000	HK\$'000	HK\$'000	2022	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the unaudited consolidated statement of financial position	1,121	14,632	3,261	1,109	5,775
Add: pledged and restricted bank deposits	3,764	1,839	–	1,405	–
	<u>4,885</u>	<u>16,471</u>	<u>3,261</u>	<u>2,514</u>	<u>5,775</u>
Cash and cash equivalents as stated in the unaudited consolidated statement of cash flows	<u>4,885</u>	<u>16,471</u>	<u>3,261</u>	<u>2,514</u>	<u>5,775</u>

NOTES TO THE FINANCIAL INFORMATION**1. CORPORATE INFORMATION**

Fortune Land Industrial Development (Jiaxing) Pte. Ltd. (“**Fortune Land**”) is a limited liability company incorporated in the People’s Republic of China (the “**PRC**”). Its registered office is located at 685 Fenghua Road, Jiaxing Economic and Technological Development Zone, Jiaxing, Zhejiang, the PRC.

The principal activity of Fortune Land was involved in leasing of industrial plants and provision of related management services.

The immediate holding company of Fortune Land was SSinolog (Jiaxing) I Pte. Ltd., which is incorporated in the Singapore with limited liability.

In the opinion of the directors, the ultimate holding company of Fortune Land is 北京控股集團有限公司, which is a state-owned enterprise established in the PRC and is wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

2. BASIS OF PRESENTATION AND PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Fortune Land for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 has been prepared solely for the purpose of inclusion in the circular to be issued by Beijing Properties (Holdings) Limited (the “**Company**”), the intermediate holding company of Fortune Land, in connection with the Potential Disposal in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules.

The amounts included in the Unaudited Financial Information of Fortune Land have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the financial statements of the Company for the relevant periods, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information of Fortune Land has been prepared under the historical cost convention except for investment properties that are measured at fair values.

The Unaudited Financial Information of Fortune Land does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* issued by the HKICPA and should be read in connection with the relevant published annual reports of the Group for the Relevant Periods.

Upon completion of the Potential Disposal, the Remaining Group will continue to be principally engaged in real estate including high-end and modern general warehouse, cold chain logistics warehouse, specialised wholesale market for the trading and distribution of local agricultural products, modernised industrial plants and investments in commercial properties and primary land development.

Set out below is the management discussion and analysis on the Remaining Group for each of the three financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for each of the three years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023.

1. FOR THE SIX MONTHS ENDED 30 JUNE 2023 (THE “2023 PERIOD”)

The revenue (net of value-added tax and government surcharges) for the 2023 Period amounted to approximately HK\$844.47 million, representing an increase of approximately HK\$444.94 million or 111.37%, from approximately HK\$399.53 million for the 2022 Period. The gross profit for 2023 Period amounted to approximately HK\$145.95 million, representing a decrease of approximately HK\$80.93 million, or 35.67% from approximately HK\$226.88 million for the 2022 Period.

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the 2023 Period amounted to approximately HK\$73.55 million, representing a decrease of approximately HK\$33.23 million or 31.12% from approximately HK\$106.78 million for the 2022 Period. The decrease was primarily attributable to the disposal of Sin-Den project in Jiangsu in the second half of 2022.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the 2023 Period amounted to approximately HK\$17.81 million, representing a decrease of approximately HK\$23.76 million or 57.16% from approximately HK\$41.57 million for the 2022 Period. The decrease was primarily attributable to the cancellation of nucleic acid detection and disinfection operations which had a significant impact on revenue.

Trading business

The revenue contribution of trading business for the 2023 Period amounted to approximately HK\$664.11 million, representing an increase of approximately HK\$530.78 million, or 398.09% from approximately HK\$133.33 million for the 2022 Period. The increase was primarily attributable to the supply chain development which provides integrated logistic services for high-value imported meat and aquatic products.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the 2023 Period amounted to approximately HK\$21.25 million, representing an increase of approximately HK\$2.70 million, or 14.56%, from approximately HK\$18.55 million for the 2022 Period. The increase was attributable to the increase in average occupancy rate for the 2023 Period.

Industrial properties

The revenue contribution of industrial properties for the 2023 Period amounted to approximately HK\$26.39 million, representing a decrease of approximately HK\$33.72 million or 56.10% from approximately HK\$60.11 million for the 2022 Period. The decrease was primarily attributable to the disposal of 3 projects in Jiangsu in the second half of 2022.

Commercial properties

The revenue contribution of commercial properties for the 2023 Period amounted to approximately HK\$41.37 million, representing an increase of approximately HK\$2.18 million or 5.56% from approximately HK\$39.19 million for the 2022 Period. The increase was primarily attributable to the slightly increase in average occupancy rate of Guangzhou project.

Liquidity and financial resources

As at 30 June 2023, for accounting purposes, the Group had total borrowings of approximately HK\$8,552.73 million (31 December 2022: approximately HK\$8,881.78 million) which included bank and other borrowings. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 196.89% (31 December 2022: approximately 181.23%).

As at 30 June 2023, the Group's balance of bank and other borrowings amounted to approximately HK\$8,552.73 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 7.32%, 31.91% and 60.77%, respectively. 41.36% of these bank and other borrowings was repayable less than one year. As at 30 June 2023, the Group's cash and bank balances amounted to approximately HK\$722.96 million, which were denominated in USD, HK\$ and RMB as to 3.68%, 2.44% and 93.88%, respectively. Bank and other borrowings of an aggregate amount of HK\$4,865.19 million bear interest at floating rates. The cash and bank balances, together with the unutilized banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 30 June 2023, the Group's current ratio and quick ratio were approximately 117.04% and 77.72%, respectively (31 December 2022: approximately 76.84% and 52.41%, respectively).

The net total borrowings of the Group as at 30 June 2023 (total borrowings less cash and cash equivalents and restricted cash) was HK\$7,829.77 million (31 December 2022: HK\$8,145.80 million), representing a decrease of HK\$316.03 million as compared to the previous year.

Contingent liabilities

As at 30 June 2023, the Group had no contingent liabilities (31 December 2022: Nil).

Capital expenditures

During the 2023 Period, the Group spent approximately HK\$13.84 million (2022 Period: approximately HK\$22.61 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 30 June 2023, the Group had outstanding contracted capital commitments amounted to approximately HK\$576.36 million in aggregate which comprised commitments for:

- the outstanding construction costs of approximately RMB424.91 million (equivalent to approximately HK\$459.03 million) committed for logistic facilities and industrial plants.
- the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK\$113.43 million) payable for BE City Investment.
- the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK\$3.9 million) payable for a joint venture.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor addition of capital assets during the six months ended 30 June 2023.

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK\$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK\$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK\$ and USD. During the 2023 Period, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Charges on assets

As at 30 June 2023, the Group had bank loans with principal amounts of approximately HK\$2,416.84 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 30 June 2023, the Group had no pending litigation.

Employees and remuneration policies

As at 30 June 2023, the Group had a total of 483 (30 June 2022: 519) employees. Total staff cost incurred during the 2023 Period amounted to approximately HK\$54.03 million (2022 period: HK\$51.29 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

2. FOR THE YEAR ENDED 31 DECEMBER 2022

The revenue (net of business tax) for the year ended 31 December 2022 amounted to approximately HK\$1,288.67 million, representing an increase of approximately HK\$590.77 million or 84.65%, from approximately HK\$697.90 million for the year ended 31 December 2021. The gross profit for the year ended 31 December 2022 amounted to approximately HK\$444.68 million, representing an increase of approximately HK\$9.06 million, or 2.08% from approximately HK\$435.62 million for the year ended 31 December 2021.

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2022 amounted to approximately HK\$189.99 million, representing a decrease of approximately HK\$3.30 million or 1.71% from approximately HK\$193.29 million for the year ended 31 December 2021. The decrease was primarily attributable to the (i) decrease in average occupancy rate in Hainan and Meishan; and (ii) provision of rental concessions to the tenants in Shanghai. The gross profit margin slightly decrease from approximately 92.73% for the year ended 31 December 2021 to approximately 89.02% for the year ended 31 December 2022.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2022 amounted to approximately HK\$85.24 million, representing an increase of approximately HK\$9.36 million or 12.34% from approximately HK\$75.88 million for the year ended 31 December 2021. The increase was primarily attributable to the increase in average occupancy rate in Tianjin and Qingdao. The gross profit margin increased from approximately 40.11% for the year ended 31 December 2021 to approximately 46.49% for the year ended 31 December 2022.

Trading business

The revenue contribution of trading business for the year ended 31 December 2022 amounted to approximately HK\$748.17 million, representing an increase of approximately HK\$561.80 million or 301.44% from approximately HK\$186.37 million for the year ended 31 December 2021. The increase was primarily attributable to the supply chain development which provides integrated logistics services for high-value imported meat and aquatic products.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2022 amounted to approximately HK\$32.37 million, representing a decrease of approximately HK\$1.00 million, or 3.00%, from approximately HK\$33.37 million for the year ended 31 December 2021. The decrease in revenue was attributable to the depreciation of RMB even though the average occupancy rate increased.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2022 amounted to approximately HK\$152.48 million, representing an increase of approximately HK\$32.77 million or 27.37% from approximately HK\$119.71 million for the year ended 31 December 2021. The increase was attributable to (i) the increase in average occupancy rate of Jiaxing; and (ii) sales of properties in Changzhou.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2022 amounted to approximately HK\$80.42 million, representing a decrease of approximately HK\$8.87 million or 9.93% from approximately HK\$89.29 million for the year ended 31 December 2021. The decrease was primarily attributable to the decrease in average occupancy rate in Guangzhou.

Liquidity and financial resources

As at 31 December 2022, for accounting purposes, the Group had total borrowings of approximately HK\$8,881.78 million (31 December 2021: approximately HK\$10,683.35 million) which included: (i) approximately HK\$3,306.21 million from bank and other borrowings; and (ii) approximately HK\$5,575.57 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 181.23% (31 December 2021: approximately 175.59%).

As at 31 December 2022, the Group's balance of bank and other borrowings amounted to approximately HK\$3,306.21 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 26.97%, 23.36% and 49.67%, respectively. 51.66% of these bank and other borrowings was repayable less than one year. As at 31 December 2022, the Group's cash and bank balances amounted to approximately HK\$735.98 million, which were denominated in USD, HK\$ and RMB as to 31.28%, 1.56% and 67.16%, respectively. Bank and other borrowings of an aggregate amount of HK\$3,284.06 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. The cash

and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2022, the Group's current ratio and quick ratio were approximately 76.84% and 52.41%, respectively (31 December 2021: approximately 130.93% and 96.90%, respectively).

The net total borrowings of the Group as at 31 December 2022 (total borrowings less cash and cash equivalents and restricted cash) was HK\$8,145.80 million (31 December 2021: HK\$9,511.69 million), representing a decrease of HK\$1,365.89 million as compared to the previous year.

Contingent liabilities

As at 31 December 2022, the Group had no contingent liabilities (31 December 2021: Nil).

Capital expenditures

For the year ended 31 December 2022, the Group spent approximately HK\$22.59 million (for the year ended 31 December 2021: approximately HK\$141.38 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2022 the Group had outstanding contracted capital commitments amounted to approximately HK\$776.31 million in aggregate which comprised commitments for:

- the outstanding construction costs of approximately RMB577.46 million (equivalent to approximately HK\$653.57 million) committed for warehouse facilities.
- the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK\$118.84 million) payable for Beijing Enterprises City Investment Holdings Group Co., Ltd. ("**BE City Investment**").
- the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK\$3.9 million) payable for a joint venture.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor addition of capital assets during the year ended 31 December 2022.

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK\$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK\$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK\$ and USD. For the year ended 31 December 2022, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2022, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2022, the Group had bank loans with principal amounts of approximately HK\$1,566.06 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2022, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2022, the Group had a total of 521 (2021: 504) employees. Total staff cost incurred for the year ended 31 December 2022 amounted to approximately HK\$103.33 million (2021: approximately HK\$103.35 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

3. FOR THE YEAR ENDED 31 DECEMBER 2021

The revenue (net of business tax) for the year ended 31 December 2021 amounted to approximately HK\$697.90 million, representing an increase of approximately HK\$15.29 million or 2.24%, from approximately HK\$682.61 million for the year ended 31 December 2020. The gross profit for the year ended 31 December 2021 amounted to approximately HK\$435.62 million, representing an increase of approximately HK\$94.98 million, or 27.88% from approximately HK\$340.64 million for the year ended 31 December 2020.

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2021 amounted to approximately HK\$193.30 million, representing an increase of approximately HK\$21.66 million or 12.62% from approximately HK\$171.64 million for the year ended 31 December 2020. The increase was primarily attributable to the completion of Sin-Den project in Jiangsu in the second half of 2020. The gross profit margin slightly increased from approximately 92.44% for the year ended 31 December 2020 to approximately 92.73% for the year ended 31 December 2021.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2021 amounted to approximately HK\$75.88 million, representing an increase of approximately HK\$23.73 million or 45.50% from approximately HK\$52.15 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in value-added service income. The gross profit margin decreased from approximately 64.54% for the year ended 31 December 2020 to approximately 40.11% for the year ended 31 December 2021 due to the costs associated with the prevention of COVID-19.

Trading business

The revenue contribution of trading business for the year ended 31 December 2021 amounted to approximately HK\$186.37 million, representing a decrease of approximately

HK\$108.07 million or 36.70% from approximately HK\$294.44 million for the year ended 31 December 2020. The decrease was primarily attributable to the impact caused by COVID-19 and looking for the changes of business model.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2021 amounted to approximately HK\$33.37 million, representing an increase of approximately HK\$0.46 million, or 1.40%, from approximately HK\$32.91 million for the year ended 31 December 2020. The increase in revenue was attributable to the increase in average occupancy rate during the year ended 31 December 2021.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2021 amounted to approximately HK\$119.71 million, representing an increase of approximately HK\$55.92 million or 87.66% from approximately HK\$63.79 million for the year ended 31 December 2020. The sharp increase was attributable to the increase in average occupancy rate of projects in Suzhou City and Changshu City during the year ended 31 December 2021.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2021 amounted to approximately HK\$89.29 million, representing an increase of approximately HK\$21.60 million or 31.91% from approximately HK\$67.69 million for the year ended 31 December 2020. The increase was primarily attributable to the revenue from Beijing project based on entrusted contract.

Liquidity and financial resources

As at 31 December 2021, for accounting purposes, the Group had total borrowings of approximately HK\$10,683.35 million (31 December 2020: approximately HK\$10,244.16 million) which included: (i) approximately HK\$4,945.99 million from bank and other borrowings; and (ii) approximately HK\$5,737.36 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 175.59% (31 December 2020: approximately 172.13%).

As at 31 December 2021, the Group's balance of bank and other borrowings amounted to approximately HK\$4,945.99 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 35.26%, 17.20% and 47.54%, respectively. 47.81% of these bank and other borrowings was repayable less than one year. As at 31 December 2021, the Group's cash and bank balances amounted

to approximately HK\$1,171.67 million, which were denominated in USD, HK\$ and RMB as to 27.88%, 3.48% and 68.64%, respectively. Bank and other borrowings of an aggregate amount of HK\$3,811.89 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2021, the Group's current ratio and quick ratio were approximately 130.93% and 96.90%, respectively (31 December 2020: approximately 104.12% and 101.46%, respectively).

The net total borrowings of the Group as at 31 December 2021 (total borrowings less cash and cash equivalents and restricted cash) was HK\$9,511.69 million (31 December 2020: HK\$9,482.51 million), representing an increase of HK\$29.18 million as compared to the previous year.

Contingent liabilities

As at 31 December 2021, the Group had no contingent liabilities (31 December 2020: Nil).

Capital expenditures

For the year ended 31 December 2021, the Group spent approximately HK\$141.38 million (for the year ended 31 December 2020: approximately HK\$278.13 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2021 the Group had outstanding contracted capital commitments amounted to approximately HK\$1,040.64 million in aggregate which comprised commitments for:

- the outstanding construction costs of approximately RMB740.77 million (equivalent to approximately HK\$908.03 million) committed for warehouse facilities.
- the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK\$128.71 million) payable for BE City Investment.
- the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK\$3.9 million) payable for a joint venture.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor addition of capital assets during the year ended 31 December 2021.

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK\$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK\$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK\$ and USD. For the year ended 31 December 2021, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2021, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2021, the Group had bank loans with principal amounts of approximately HK\$1,622.36 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2021, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2021, the Group had a total of 504 (2020: 521) employees. Total staff cost incurred for the year ended 31 December 2021 amounted to approximately HK\$103.35 million (2020: approximately HK\$104.97 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

4. FOR THE YEAR ENDED 31 DECEMBER 2020

The revenue (net of business tax) for the year ended 31 December 2020 amounted to approximately HK\$682.61 million, representing a decrease of approximately HK\$6.53 million or 0.95%, from approximately HK\$689.14 million for the year ended 31 December 2019. The gross profit for the year ended 31 December 2020 amounted to approximately HK\$340.64 million, representing an increase of approximately HK\$29.86 million, or 9.61% from approximately HK\$310.78 million for the year ended 31 December 2019.

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2020 amounted to approximately HK\$171.64 million, representing a decrease of approximately HK\$9.35 million or 5.17% from approximately HK\$180.99 million for the year ended 31 December 2019. The decrease was primarily attributable to the decrease in average occupancy rate of Shanghai and Meishan warehouse. The gross profit margin slightly decreased from approximately 93.07% for the year ended 31 December 2019 to approximately 92.44% for the year ended 31 December 2020.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2020 amounted to approximately HK\$52.15 million, representing an increase of approximately HK\$11.57 million or 28.51% from approximately HK\$40.58 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in inventory turnover rate which in turn increase the value-added service income.

Trading business

The revenue contribution of trading business for the year ended 31 December 2020 amounted to approximately HK\$294.44 million, representing an increase of approximately HK\$6.58 million or 2.29% from approximately HK\$287.86 million for the year ended 31

December 2019. The gross profit margin was 1.37% for the year ended 31 December 2020. The low profit margin was due to commencement of the new business in 2019.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2020 amounted to approximately HK\$32.91 million, representing an increase of approximately HK\$10.18 million, or 44.79%, from approximately HK\$22.73 million for the year ended 31 December 2019. The increase in revenue was attributable to the increase in average occupancy rate during the year.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2020 amounted to approximately HK\$63.79 million, representing an increase of approximately HK\$39.44 million or 161.97% from approximately HK\$24.35 million for the year ended 31 December 2019. The sharp increase was attributable to the completion of Suzhou project and the increase in average occupancy rate of Changshu project during the year.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2020 amounted to approximately HK\$67.69 million, representing a decrease of approximately HK\$64.96 million or 48.97% from approximately HK\$132.65 million for the year ended 31 December 2019. The decrease was primarily attributable to the redecoration of the hotel located in Beijing.

Liquidity and financial resources

As at 31 December 2020, for accounting purposes, the Group had total borrowings of approximately HK\$10,244.16 million (31 December 2019: approximately HK\$7,783.97 million) which included: (i) approximately HK\$4,450.11 million from bank and other borrowings; and (ii) approximately HK\$5,794.05 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 172.13% (31 December 2019: approximately 135.68%).

As at 31 December 2020, the Group's balance of bank and other borrowings amounted to approximately HK\$4,450.11 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 22.68%, 15.59% and 61.73%, respectively. 42.04% of these bank and other borrowings was repayable less than one year. As at 31 December 2020, the Group's cash and bank balances amounted to approximately HK\$761.65 million, which were denominated in USD, HK\$ and RMB as

to 20.27%, 2.14% and 77.59%, respectively. Bank and other borrowings of an aggregate amount of HK\$3,500.11 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2020, the Group's current ratio and quick ratio were approximately 104.12% and 101.46%, respectively (31 December 2019: approximately 42.67% and 40.06%, respectively).

The net total borrowings of the Group as at 31 December 2020 (total borrowings less cash and cash equivalents and restricted cash) was HK\$9,482.51 million (31 December 2019: HK\$6,821.03 million), representing an increase of HK\$2,661.48 million as compared to the previous year.

Contingent liabilities

As at 31 December 2020, the Group had no contingent liabilities (31 December 2019: Nil).

Capital expenditures

For the year ended 31 December 2020, the Group spent approximately HK\$278.13 million (For the year ended 31 December 2019: approximately HK\$692.58 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2020 the Group had outstanding contracted capital commitments amounted to approximately HK\$769.69 million in aggregate which comprised commitments for:

- the outstanding construction costs of approximately RMB539.87 million (equivalent to approximately HK\$641.10 million) committed for warehouse facilities.
- the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK\$124.69 million) payable for BE City Investment.
- the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK\$3.9 million) payable for a joint venture.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor addition of capital assets during the year ended 31 December 2020.

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK\$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK\$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK\$ and USD. For the year ended 31 December 2020, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2020, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2020, the Group had bank loans with principal amounts of approximately HK\$2,539.28 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2020, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2020, the Group had a total of 521 (2019: 680) employees. Total staff cost incurred for the year ended 31 December 2020 amounted to approximately HK\$104.97 million (2019: approximately HK\$119.96 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information of the Group excluding the Target Group upon the completion of the Potential Disposal (the “**Remaining Group**”) (the “**Unaudited Pro Forma Financial Information**”), comprising the unaudited pro forma consolidated statement of financial position as at 30 June 2023, and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 of the Remaining Group which has been prepared to illustrate the effect of the Potential Disposal (i) as if the Potential Disposal had been completed on 30 June 2023 for the unaudited pro forma consolidated statement of financial position, and (ii) as if the Potential Disposal had been completed on 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 June 2023 or any future date, and the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023, which has been extracted from the published interim report of the Group for the six months ended 30 June 2023, after making certain pro forma adjustments relating to the Potential Disposal that are factually supportable and directly attributable to the Proposal Disposal as set out below.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022, which has been extracted from the published annual report of the Group for the year ended 31 December 2022, after making certain pro forma adjustments relating to the Potential Disposal that are factually supportable and directly attributable to the Potential Disposal as set out below.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular, the published annual report of the Group for the year ended 31 December 2022, the published interim report of the Group for the six months ended 30 June 2023, the historical financial information of the Target Group as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group (Disposal of 75% of Jiaxing Group)

As at 30 June 2023

	The Group		The Remaining Group	
	<i>HK\$'000</i> (unaudited) <i>(note 1)</i>	<i>HK\$'000</i> <i>(note 2(a))</i>	<i>HK\$'000</i> <i>(note 2(b))</i>	<i>HK\$'000</i> (unaudited)
Non-current assets				
Property, plant and equipment	466,187	(178)	–	466,009
Investment properties	4,411,648	(397,550)	–	4,014,098
Right-of-use assets	64,634	–	–	64,634
Goodwill	102,441	–	–	102,441
Interests in joint ventures	76,643	–	–	76,643
Interests in associates	562,613	–	–	562,613
Equity investment at fair value through other comprehensive income	12,723	–	–	12,723
Land held for development or sale	4,155,301	–	–	4,155,301
	<u>9,852,190</u>	<u>(397,728)</u>	<u>–</u>	<u>9,454,462</u>
Total non-current assets				
Current assets				
Properties under development for sale	20,979	–	–	20,979
Properties held for sale	1,886,312	–	–	1,886,312
Inventories	458,722	–	–	458,722
Trade receivables	115,934	(1,922)	–	114,012
Prepayments, deposits and other receivables	241,216	(692)	–	240,524
Due from joint ventures	5,554	–	–	5,554
Financial assets at fair value through profit or loss	194,454	–	–	194,454
Pledged and restricted bank deposits	6,490	–	–	6,490
Cash and cash equivalents	722,325	(5,859)	283,408	999,874
	<u>3,651,986</u>	<u>(8,473)</u>	<u>283,408</u>	<u>3,926,921</u>
Assets of disposal group classified as held for sale	3,399,875	–	–	3,399,875
	<u>7,051,861</u>	<u>(8,473)</u>	<u>283,408</u>	<u>7,326,796</u>
Total current assets				

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group <i>HK\$'000</i> (unaudited) <i>(note 1)</i>	Pro forma adjustments <i>HK\$'000</i> <i>(note 2(a))</i> <i>HK\$'000</i> <i>(note 2(b))</i>		The Remaining Group <i>HK\$'000</i> (unaudited)
Current liabilities				
Trade payables	186,700	–	–	186,700
Other payables and accruals	586,803	(12,407)	–	574,396
Due to other related parties	531,551	–	–	531,551
Bank and other borrowings	3,537,360	–	–	3,537,360
Income tax payables	103,066	–	–	103,066
Provision for compensation	219,081	–	–	219,081
	<u>5,164,561</u>	<u>(12,407)</u>	<u>–</u>	<u>5,152,154</u>
Liability directly associated with the assets classified as held for sale	<u>865,775</u>	<u>–</u>	<u>–</u>	<u>865,775</u>
Total current liabilities	<u>6,030,336</u>	<u>(12,407)</u>	<u>–</u>	<u>6,017,929</u>
Net current assets	<u>1,021,525</u>	<u>3,934</u>	<u>283,408</u>	<u>1,308,867</u>
Total assets less current liabilities	<u>10,873,715</u>	<u>(393,794)</u>	<u>283,408</u>	<u>10,763,329</u>
Non-current liabilities				
Due to a joint venture	191,007	–	–	191,007
Due to other related parties	58,636	(58,636)	–	–
Bank and other borrowings	5,015,369	–	–	5,015,369
Deferred revenue	74,677	(52,635)	–	22,042
Defined benefit obligations	12,487	–	–	12,487
Deferred tax liabilities	1,296,961	(35,202)	–	1,261,759
Total non-current liabilities	<u>6,649,137</u>	<u>(146,473)</u>	<u>–</u>	<u>6,502,664</u>
Net assets	<u><u>4,224,578</u></u>	<u><u>(247,321)</u></u>	<u><u>283,408</u></u>	<u><u>4,260,665</u></u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group <i>HK\$'000</i> (unaudited) <i>(note 1)</i>	Pro forma adjustments <i>HK\$'000</i> <i>(note 2(a))</i> <i>HK\$'000</i> <i>(note 2(b))</i>		The Remaining Group <i>HK\$'000</i> (unaudited)
Equity				
Equity attributable to shareholders of the Company				
Issued capital	696,933	–	–	696,933
Reserves	1,563,887	(229,468)	268,564	1,602,983
	<hr/>	<hr/>	<hr/>	<hr/>
	2,260,820	(229,468)	268,564	2,299,916
Non-controlling interests	1,963,758	(17,853)	14,844	1,960,749
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	4,224,578	(247,321)	283,408	4,260,665
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group
(Disposal of 75% of Jiaxing Group)**

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Group</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Cash flows from operating activities				
Net cash flows used in operating activities	(533,896)	(29,223)	–	(563,119)
Cash flows from investing activities				
Purchase of items of property, plant and equipment	(9,490)	8	–	(9,482)
Acquisition of investment properties	(125,537)	–	–	(125,537)
Proceeds from disposal of subsidiaries, net	2,455,659	–	310,581	2,766,240
Government grants received	387	–	–	387
Purchases of equity investments designated at fair value through	(117)	–	–	(117)
Repayment of loans advanced to a joint venture	30,645	–	–	30,645
Interest received	32,315	(55)	–	32,260
Decrease in time deposits with maturity of more than three months when acquired	11,324	(1,748)	–	9,576
Net cash flows from investing activities	2,395,186	(1,795)	310,581	2,703,972

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group <i>HK\$'000</i> (unaudited) <i>(note 1)</i>	Pro forma adjustments <i>HK\$'000</i>		The Remaining
		<i>(note 3(a))</i>	<i>(note 3(b))</i>	Group <i>HK\$'000</i> (unaudited)
Cash flows from financing activities				
New bank loans	610,323	–	–	610,323
Repayment of bank loans	(827,081)	42,521	–	(784,560)
New other loans	34,968	–	–	34,968
Repayment of other loans	(730,831)	–	–	(730,831)
Repayment of guaranteed bonds	(182,892)	–	–	(182,892)
Refund of capital contribution to a non-controlling equity holder upon deregistration of a subsidiary	(917)	–	–	(917)
Repayment to the intermediate holding company	(407,957)	–	–	(407,957)
Net repayment to other related parties	(49,568)	(23)	–	(49,591)
Interest paid	(632,819)	857	–	(631,962)
Dividends paid to non-controlling equity holders	(91,166)	–	–	(91,166)
Net cash flows used in financing activities	<u>(2,277,940)</u>	<u>43,355</u>	<u>–</u>	<u>(2,234,585)</u>
Net increase/(decrease) in cash and cash equivalents	(416,650)	12,337	310,581	(93,732)
Cash and cash equivalents at beginning of year	1,266,771	–	–	1,266,771
Effect of foreign exchange rate changes, net	(25,812)	916	–	(24,896)
Cash and cash equivalents at end of year	<u>824,309</u>	<u>13,253</u>	<u>310,581</u>	<u>1,148,143</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**Unaudited Pro Forma Consolidated Statement of Profit And Loss of the Remaining Group
(Disposal of 75% of Jiaxing Group)**

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Revenue	1,313,135	(24,466)	–	1,288,669
Cost of sales and services	(846,348)	2,362	–	(843,986)
Gross profit	466,787	(22,104)	–	444,683
Change in fair value of investment properties, net	41,234	(59,446)	–	(18,212)
Gain on disposal of subsidiaries	594,967	–	115,178	710,145
Other income and gains, net	56,254	(1,372)	–	54,882
Selling and distribution expenses	(7,567)	–	–	(7,567)
Administrative expenses	(239,919)	6,437	–	(233,482)
Finance costs	(612,450)	857	–	(611,593)
Share of profits or losses of:				
Joint ventures	18,369	–	–	18,369
Associates	(47,181)	–	–	(47,181)
Profit before tax	270,494	(75,628)	115,178	310,044
Income tax	(216,179)	17,377	(13,801)	(212,603)
Profit for the year	<u>54,315</u>	<u>(58,251)</u>	<u>101,377</u>	<u>97,411</u>
Attributable to:				
Shareholders of the Company	(121,967)	(31,665)	73,478	(80,154)
Non-controlling interests	176,282	(26,586)	27,899	177,595
	<u>54,315</u>	<u>(58,251)</u>	<u>101,377</u>	<u>97,411</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group (Disposal of 75% of Jiaxing Group)

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Profit for the year	54,315	(58,251)	101,377	97,441
Other comprehensive income/(loss)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:				
– Exchange differences on translation of foreign operations	(628,639)	–	–	(628,639)
– Disposal of subsidiaries	23,047	3,938	1,438	28,423
– Deregistration of subsidiaries	(4,372)	–	–	(4,372)
– Share of other comprehensive income/(loss) of:				
Joint ventures	(62,826)	–	–	(62,826)
Associates	(19,087)	–	–	(19,087)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent years	(691,877)	3,938	1,438	(686,501)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent years:				
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	737	–	–	737
– Actuarial losses of defined benefit plans	(23)	–	–	(23)
– Share of other comprehensive loss of associates	(3,265)	–	–	(3,265)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent years	(2,551)	–	–	(2,551)

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Other comprehensive loss for the year, net of income tax of nil	<u>(694,428)</u>	<u>3,938</u>	<u>1,438</u>	<u>(689,052)</u>
Total comprehensive loss for the year	<u><u>(640,113)</u></u>	<u><u>(54,313)</u></u>	<u><u>102,815</u></u>	<u><u>(591,611)</u></u>
Attributable to:				
Shareholders of the Company	(756,596)	(29,524)	74,520	(711,600)
Non-controlling interests	<u>116,483</u>	<u>(24,789)</u>	<u>28,295</u>	<u>119,989</u>
	<u><u>(640,113)</u></u>	<u><u>(54,313)</u></u>	<u><u>102,815</u></u>	<u><u>(591,611)</u></u>

Notes:

1. For the preparation of the unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as set out in the published interim report of the Group for the six months ended 30 June 2023, whereas for the preparation of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated statement of profit or loss, the audited consolidated statement of other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022, respectively, as set out in the published annual report of the Group for the year ended 31 December 2022.
2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Proposed Disposal had taken place on 30 June 2023:

The estimated gain on disposal assuming the Potential Disposal had taken place on 30 June 2023 is calculated as follows:

- (a) The adjustments represent the de-recognition of assets and liabilities of the Target Group as at 30 June 2023, assuming the Potential Disposal had taken place on 30 June 2023. The assets and liabilities of the Target Group are extracted from the unaudited condensed consolidated statement of financial position of the Company.

In addition, the adjustment includes advances to each of the Target Companies paid by the Purchaser for the shareholder's loans due to the Seller of HK\$175,907,000, by utilising of which the Seller shall fully discharge the shareholder's loans, assuming the Potential Disposal had been completed on 30 June 2023.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (b) The adjustments represent the estimated gain on disposal assuming the Potential Disposal had taken place on 30 June 2023 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration	(i)	296,241
Less: net assets of the Target Group derecognised	(ii)	(71,414)
Add: non-controlling interest of the Target Group		17,853
Less: disposal of shareholder's loan	(iii)	(175,907)
Less: cumulative foreign exchange translation difference of the Target Group recycled to profit or loss	(iv)	(5,892)
Less: income tax expense regarding to disposal of the Target Group	(v)	<u>(12,163)</u>
Estimated gain on disposal before transaction cost		48,718
Less: Estimated transaction costs attributed to the Potential Disposal	(vi)	<u>(670)</u>
Estimated gain on disposal (equivalent to approximately RMB44,476,000)		<u><u>48,048</u></u>

Analysis of net cash flows from the Potential Disposal:

		<i>HK\$'000</i>
Consideration		296,241
Less: Estimated transaction costs attributed to the Potential Disposal		(670)
Less: Income tax expense regarding to disposal of the Target Group		(12,163)
Less: Cash and cash equivalents held by the Target Group		<u>(5,859)</u>
		<u><u>277,549</u></u>

Notes:

- (i) The amount represented the total consideration, being an amount of RMB274 million (equivalent to approximately HK\$296 million), which is payable by the Purchaser to the Company on the completion of the Potential Disposal.

		<i>HK\$'000</i>
Consideration		120,334
Shareholder's loan		<u>175,907</u>
		<u><u>296,241</u></u>

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (ii) The amount represents the net assets of the Target Group as at 30 June 2023 as follows:

	<i>HK\$'000</i>
Assets of the Target Group as at 30 June 2023	406,201
Liabilities of the Target Group as at 30 June 2023	(334,787)
	71,414
Net assets of the Target Group derecognised	

- (iii) The amount represents the shareholder's loan disposed in accordance with the disposal agreement as if the Potential Disposal had been completed on 30 June 2023.
- (iv) The amount represents the cumulative currency translation differences related to foreign operations of the Target Group to be released to profit or loss as if the Potential Disposal had been completed on 30 June 2023.
- (v) The amount represents the estimated withholding tax payable to the PRC tax authority in relation to the gain on disposal of the Target Group, which is calculated based on a tax rate of 10%.
- (vi) The transaction costs represent professional fee directly attributable to the disposal of the Target Group which are estimated to be approximately HK\$670,000 and it is assumed that the fees would be settled by cash.
3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Potential Disposal had taken place on 1 January 2022:

The estimated gain on disposal assuming the Potential Disposal had taken place on 1 January 2022 is calculated as follows:

- (a) The adjustments represent the exclusion of the results and cash flows of the Disposal Group for the year ended 31 December 2022, assuming the Potential Disposal had taken place on 1 January 2022. The statement of comprehensive income and cash flows of the Target Group are extracted from the audited consolidated financial statement of comprehensive income and cash flows of the Company.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (b) The adjustments represent the estimated gain on disposal assuming the Potential Disposal had taken place on 1 January 2022 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration	(i)	341,666
Less: net assets of the Target Group derecognised	(ii)	(29,688)
Add: non-controlling interest of the Target Group		7,558
Less: disposal of shareholder's loan	(iii)	(205,126)
Less: cumulative foreign exchange translation difference of the Target Group recycled to profit or loss	(iv)	1,438
Less: income tax expense regarding to disposal of the Target Group	(v)	<u>(13,801)</u>
Estimated gain on disposal before transaction cost		102,047
Less: Estimated transaction costs attributed to the Potential Disposal	(vi)	<u>(670)</u>
Estimated gain on disposal		<u><u>101,377</u></u>

Analysis of net cash flows from the Potential Disposal:

		<i>HK\$'000</i>
Consideration		341,666
Less: Estimated transaction costs attributed to the Potential Disposal		(670)
Less: Income tax expense regarding to disposal of the Target Group		(13,801)
Less: Cash and cash equivalents held by the Target Group		<u>(16,614)</u>
		<u><u>310,581</u></u>

Notes:

- (i) The amount represented the total consideration, being an amount of RMB279 million (equivalent to approximately HK\$342 million), which is payable by the Purchaser to the Company on the completion of the Potential Disposal.

		<i>HK\$'000</i>
Consideration		136,540
Shareholder's loan		<u>205,126</u>
		<u><u>341,666</u></u>

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (ii) The amount represents the net assets of the Target Group as at 1 January 2022 as follows:

	<i>HK\$'000</i>
Assets of the Target Group as at 1 January 2022	449,397
Liabilities of the Target Group as at 1 January 2022	(419,709)
	29,688
Net assets of the Target Group derecognised	29,688

- (iii) The amount represents the shareholder's loan disposed in accordance with the disposal agreement as if the Potential Disposal had been completed on 1 January 2022.
- (iv) The amount represents the cumulative currency translation differences related to foreign operations of the Target Group to be released to profit or loss as if the Potential Disposal had been completed on 1 January 2022.
- (v) The amount represents the estimated withholding tax payable to the PRC tax authority in relation to the gain on disposal of the Target Group, which is calculated based on a tax rate of 10%.
- (vi) The transaction costs represent professional fee directly attributable to the disposal of the Target Group which are estimated to be approximately HK\$670,000 and it is assumed that the fees would be settled by cash.
4. For the purpose of the Unaudited Pro Forma Financial Information of the Remaining Group, where applicable, RMB has been converted into HK\$ at the rate of RMB0.93 to HK\$1.00 for balances included in unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023, and the rate of RMB0.86 to HK\$1.00 for amounts included in the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022 respectively.
5. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group (Disposal of 100% of Fortune Land)

As at 30 June 2023

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 2(a))</i>	<i>(note 2(b))</i>	
Non-current assets				
Property, plant and equipment	466,187	(178)	–	466,009
Investment properties	4,411,648	(397,550)	–	4,014,098
Right-of-use assets	64,634	–	–	64,634
Goodwill	102,441	–	–	102,441
Interests in joint ventures	76,643	–	–	76,643
Interests in associates	562,613	–	–	562,613
Equity investment at fair value through other comprehensive income	12,723	–	–	12,723
Land held for development or sale	4,155,301	–	–	4,155,301
Total non-current assets	9,852,190	(397,728)	–	9,454,462
Current assets				
Properties under development for sale	20,979	–	–	20,979
Properties held for sale	1,886,312	–	–	1,886,312
Inventories	458,722	–	–	458,722
Trade receivables	115,934	(1,922)	–	114,012
Prepayments, deposits and other receivables	241,216	(692)	–	240,524
Due from joint ventures	5,554	–	–	5,554
Financial assets at fair value through profit or loss	194,454	–	–	194,454
Pledged and restricted bank deposits	6,490	–	–	6,490
Cash and cash equivalents	722,325	(5,775)	377,887	1,094,437
	3,651,986	(8,389)	377,887	4,021,484
Assets of disposal group classified as held for sale	3,399,875	–	–	3,399,875
Total current assets	7,051,861	(8,389)	377,887	7,421,359

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Group</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 2(a))</i>	<i>(note 2(b))</i>	
Current liabilities				
Trade payables	186,700	–	–	186,700
Other payables and accruals	586,803	(12,407)	–	574,396
Due to other related parties	531,551	–	–	531,551
Bank and other borrowings	3,537,360	–	–	3,537,360
Income tax payables	103,066	–	–	103,066
Provision for compensation	219,081	–	–	219,081
	<u>5,164,561</u>	<u>(12,407)</u>	<u>–</u>	<u>5,152,154</u>
Liability directly associated with the assets classified as held for sale	865,775	–	–	865,775
	<u>6,030,336</u>	<u>(12,407)</u>	<u>–</u>	<u>6,017,929</u>
Total current liabilities				
	<u>1,021,525</u>	<u>4,018</u>	<u>377,887</u>	<u>1,403,430</u>
Net current assets				
	<u>10,873,715</u>	<u>(393,710)</u>	<u>377,887</u>	<u>10,857,892</u>
Total assets less current liabilities				
Non-current liabilities				
Due to a joint venture	191,007	–	–	191,007
Due to other related parties	58,636	–	–	58,636
Bank and other borrowings	5,015,369	–	–	5,015,369
Deferred revenue	74,677	(52,635)	–	22,042
Defined benefit obligations	12,487	–	–	12,487
Deferred tax liabilities	1,296,961	(35,495)	–	1,261,466
	<u>6,649,137</u>	<u>(88,130)</u>	<u>–</u>	<u>6,561,007</u>
Total non-current liabilities				
	<u>4,224,578</u>	<u>(305,580)</u>	<u>377,887</u>	<u>4,296,885</u>
Net assets				

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 2(a))</i>	<i>(note 2(b))</i>	
Equity				
Equity attributable to shareholders of the Company				
Issued capital	696,933	–	–	696,933
Reserves	1,563,887	(305,580)	344,886	1,603,193
	<u>2,260,820</u>	<u>(305,580)</u>	<u>344,886</u>	<u>2,300,126</u>
Non-controlling interests	1,963,758	–	33,001	1,996,759
	<u>4,224,578</u>	<u>(305,580)</u>	<u>377,887</u>	<u>4,296,885</u>
Total equity	<u>4,224,578</u>	<u>(305,580)</u>	<u>377,887</u>	<u>4,296,885</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group
(Disposal of 100% of Fortune Land)**

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Cash flows from operating activities				
Net cash flows used in operating activities	(533,896)	(29,279)	–	(563,175)
Cash flows from investing activities				
Purchase of items of property, plant and equipment	(9,490)	8	–	(9,482)
Acquisition of investment properties	(125,537)	–	–	(125,537)
Proceeds from disposal of subsidiaries, net	2,455,659	–	417,931	2,873,590
Government grants received	387	–	–	387
Purchases of equity investments designated at fair value through	(117)	–	–	(117)
Repayment of loans advanced to a joint venture	30,645	–	–	30,645
Interest received	32,315	(55)	–	32,260
Decrease in time deposits with maturity of more than three months when acquired	11,324	(1,748)	–	9,576
Net cash flows from investing activities	2,395,186	(1,795)	417,931	2,811,322

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Cash flows from financing activities				
New bank loans	610,323	–	–	610,323
Repayment of bank loans	(827,081)	42,521	–	(784,560)
New other loans	34,968	–	–	34,968
Repayment of other loans	(730,831)	–	–	(730,831)
Repayment of guaranteed bonds	(182,892)	–	–	(182,892)
Refund of capital contribution to a non-controlling equity holder upon deregistration of a subsidiary	(917)	–	–	(917)
Repayment to the intermediate holding company	(407,957)	–	–	(407,957)
Net repayment to other related parties	(49,568)	–	–	(49,568)
Interest paid	(632,819)	857	–	(631,962)
Dividends paid to non-controlling equity holders	(91,166)	–	–	(91,166)
	<u>(91,166)</u>	<u>–</u>	<u>–</u>	<u>(91,166)</u>
 Net cash flows used in financing activities	 <u>(2,277,940)</u>	 <u>43,378</u>	 <u>–</u>	 <u>(2,234,562)</u>
 Net increase/(decrease) in cash and cash equivalents	 (416,650)	12,304	417,931	13,585
Cash and cash equivalents at beginning of year	1,266,771	–	–	1,266,771
Effect of foreign exchange rate changes, net	(25,812)	906	–	(24,906)
	<u>(25,812)</u>	<u>906</u>	<u>–</u>	<u>(24,906)</u>
 Cash and cash equivalents at end of year	 <u>824,309</u>	 <u>13,210</u>	 <u>417,931</u>	 <u>1,255,450</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**Unaudited Pro Forma Consolidated Statement of Profit And Loss of the Remaining Group
(Disposal of 100% of Fortune Land)**

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Revenue	1,313,135	(24,466)	–	1,288,669
Cost of sales and services	(846,348)	2,362	–	(843,986)
Gross profit	466,787	(22,104)	–	444,683
Change in fair value of investment properties, net	41,234	(59,446)	–	(18,212)
Gain on disposal of subsidiaries	594,967	–	161,567	756,534
Other income and gains, net	56,254	(1,372)	–	54,882
Selling and distribution expenses	(7,567)	–	–	(7,567)
Administrative expenses	(239,919)	6,393	–	(233,526)
Finance costs	(612,450)	840	–	(611,610)
Share of profits or losses of:				
Joint ventures	18,369	–	–	18,369
Associates	(47,181)	–	–	(47,181)
Profit before tax	270,494	(75,689)	161,567	356,372
Income tax	(216,179)	17,377	(18,402)	(217,204)
Profit for the year	<u>54,315</u>	<u>(58,312)</u>	<u>143,165</u>	<u>139,168</u>
Attributable to:				
Shareholders of the Company	(121,967)	(31,698)	77,824	(75,841)
Non-controlling interests	176,282	(26,614)	65,341	215,009
	<u>54,315</u>	<u>(58,312)</u>	<u>143,165</u>	<u>139,168</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group (Disposal of 100% of Fortune Land)

For the year ended 31 December 2022

	The Group	Pro forma adjustments		The Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Profit for the year	54,315	(58,312)	143,165	139,168
Other comprehensive income/(loss)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:				
– Exchange differences on translation of foreign operations	(628,639)	–	–	(628,639)
– Disposal of subsidiaries	23,047	24,334	9,650	57,031
– Deregistration of subsidiaries	(4,372)	–	–	(4,372)
– Share of other comprehensive income/(loss) of:				
Joint ventures	(62,826)	–	–	(62,826)
Associates	(19,087)	–	–	(19,087)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent years	(691,877)	24,334	9,650	(657,893)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent years:				
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	737	–	–	737
– Actuarial losses of defined benefit plans	(23)	–	–	(23)
– Share of other comprehensive loss of associates	(3,265)	–	–	(3,265)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent years	(2,551)	–	–	(2,551)

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group	Pro forma adjustments		The Remaining
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Group
	(unaudited)			(unaudited)
	<i>(note 1)</i>	<i>(note 3(a))</i>	<i>(note 3(b))</i>	
Other comprehensive loss for the year, net of income tax of nil	<u>(694,428)</u>	<u>24,334</u>	<u>9,650</u>	<u>(660,444)</u>
Total comprehensive loss for the year	<u><u>(640,113)</u></u>	<u><u>(33,978)</u></u>	<u><u>152,815</u></u>	<u><u>(521,276)</u></u>
Attributable to:				
Shareholders of the Company	(756,596)	(18,470)	83,070	(691,996)
Non-controlling interests	<u>116,483</u>	<u>(15,508)</u>	<u>69,745</u>	<u>170,720</u>
	<u><u>(640,113)</u></u>	<u><u>(33,978)</u></u>	<u><u>152,815</u></u>	<u><u>(521,276)</u></u>

Notes:

1. For the preparation of the unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as set out in the published interim report of the Group for the six months ended 30 June 2023, whereas for the preparation of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated statement of profit or loss, the audited consolidated statement of other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022, respectively, as set out in the published annual report of the Group for the year ended 31 December 2022.
2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Potential Disposal had taken place on 30 June 2023:

The estimated gain on disposal assuming the Potential Disposal had taken place on 30 June 2023 is calculated as follows:

- (a) The adjustments represent the de-recognition of assets and liabilities of the Target Group as at 30 June 2023, assuming the Potential Disposal had taken place on 30 June 2023. The assets and liabilities of the Target Group are extracted from the unaudited condensed consolidated statement of financial position of the Company.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (b) The adjustments represent the estimated gain on disposal assuming the Potential Disposal had taken place on 30 June 2023 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration	(i)	394,904
Less: net assets of the Target Group derecognised	(ii)	(305,580)
Less: cumulative foreign exchange translation difference of the Target Group recycled to profit or loss	(iii)	(29,252)
Less: income tax expense regarding to disposal of the Target Group	(iv)	<u>(16,217)</u>
Estimated gain on disposal before transaction cost		43,855
Less: Estimated transaction costs attributed to the Potential Disposal	(v)	<u>(800)</u>
Estimated gain on disposal (approximately RMB39,854,000)		<u><u>43,055</u></u>

Analysis of net cash flows from the Potential Disposal:

	<i>HK\$'000</i>
Consideration	394,904
Less: Estimated transaction costs attributed to the Potential Disposal	(800)
Less: Income tax expense regarding to disposal of the Target Group	(16,217)
Less: Cash and cash equivalents held by the Target Group	<u>(5,775)</u>
	<u><u>372,112</u></u>

Notes:

- (i) The amount represented the total consideration, being an amount of RMB366 million (equivalent to approximately HK\$395 million), which is payable by the Purchaser to the Company on the completion of the Disposal.
- (ii) The amount represents the net assets of the Target Group as at 30 June 2023 as follows

	<i>HK\$'000</i>
Assets of the Target Group as at 30 June 2023	406,117
Liabilities of the Target Group as at 30 June 2023	<u>(100,537)</u>
Net assets of the Target Group derecognised	<u><u>305,580</u></u>

- (iii) The amount represents the cumulative currency translation differences related to foreign operations of the Target Group to be released to profit or loss as if the Potential Disposal had been completed on 30 June 2023.
- (iv) The amount represents the estimated withholding tax payable to the PRC tax authority in relation to the gain on disposal of the Target Group, which is calculated based on a tax rate of 10%.
- (v) The transaction costs represent professional fee directly attributable to the disposal of the Target Group which are estimated to be approximately HK\$800,000 and it is assumed that the fees would be settled by cash.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Potential Disposal had taken place on 1 January 2022:

The estimated gain on disposal assuming the Potential Disposal had taken place on 1 January 2022 is calculated as follows:

- (a) The adjustments represent the exclusion of the results and cash flows of the Target Group for the year ended 31 December 2022, assuming the Potential Disposal had taken place on 1 January 2022. The statement of comprehensive income and cash flows of the Target Group are extracted from the audited consolidated financial statement of comprehensive income and cash flows of the Company
- (b) The adjustments represent the estimated gain on disposal assuming the Potential Disposal had taken place on 1 January 2022 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration	(i)	453,604
Less: net assets of the Target Group derecognised	(ii)	(295,371)
Less: disposal of shareholder's loan	(iii)	(5,516)
Less: cumulative foreign exchange translation difference of the Target Group recycled to profit or loss	(iv)	9,650
Less: income tax expense regarding to disposal of the Target Group	(v)	(18,402)
		143,965
Estimated gain on disposal before transaction cost		143,965
Less: Estimated transaction costs attributed to the Potential Disposal	(vi)	(800)
		143,165

Analysis of net cash flows from the Potential Disposal:

	<i>HK\$'000</i>
Consideration	453,604
Less: Estimated transaction costs attributed to the Potential Disposal	(800)
Less: Income tax expense regarding to disposal of the Target Group	(18,402)
Less: Cash and cash equivalents held by the Target Group	(16,471)
	417,931

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes:

- (i) The amount represented the total consideration, being an amount of RMB370 million (equivalent to approximately HK\$454 million), which is payable by the Purchaser to the Company on the completion of the Potential Disposal.

	<i>HK\$'000</i>
Consideration	448,088
Shareholder's loan	5,516
	453,604
	453,604

- (ii) The amount represents the net assets of the Target Group as at 1 January 2022 as follows:

	<i>HK\$'000</i>
Assets of the Target Group as at 1 January 2022	449,254
Liabilities of the Target Group as at 1 January 2022	(153,883)
	295,371
	295,371

- (iii) The amount represents the shareholder's loan disposed in accordance with the disposal agreement as if the Potential Disposal had been completed on 1 January 2022.
- (iv) The amount represents the cumulative currency translation differences related to foreign operations of the Target Group to be released to profit or loss as if the Disposal had been completed on 1 January 2022.
- (v) The amount represents the estimated withholding tax payable to the PRC tax authority in relation to the gain on disposal of the Target Group, which is calculated based on a tax rate of 10%.
- (vi) The transaction costs represent professional fee directly attributable to the disposal of the Target Group which are estimated to be approximately HK\$800,000 and it is assumed that the fees would be settled by cash.
4. For the purpose of the Unaudited Pro Forma Financial Information of the Remaining Group, where applicable, RMB has been converted into HK\$ at the rate of RMB0.93 to HK\$1.00 for balances included in unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023, and the rate of RMB0.86 to HK\$1.00 for amounts included in the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the the year ended 31 December 2022 respectively.
5. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Specified Group.



Ernst & Young
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Quarry Bay, Hong Kong

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Beijing Properties (Holdings) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Properties (Holdings) Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2023, and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and the related notes as set out on pages IV-2 to IV-24 of the circular dated 6 October 2023 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed mandate in relation to the proposed very substantial disposal through public tender (the “**Potential Disposal**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Potential Disposal on the Group’s financial position as at 30 June 2023 as if the Potential Disposal had taken place at 30 June 2023, and the Group’s financial performance and cash flows for the year ended 31 December 2022 as if the Potential Disposal had taken place on 1 January 2022. As part of this process, information about the Group’s financial position as at 30 June 2023 has been extracted by the Directors from the Group’s 2023 interim report, which included the financial statements for the six months ended 30 June 2023, on which no audit or review report has been published. Information about the Group’s financial performance and cash flows for the year ended 31 December 2022 has been extracted by the Directors from the Group’s 2022 annual report, which included the financial statements for the

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

year ended 31 December 2022, on which an audit report with unmodified opinion on material uncertainty related to going concern has been published. Page 58 and 78 of the Group’s 2022 annual report contained detailed information on the material uncertainty related to going concern.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Potential Disposal on unadjusted financial information of the Group as if the Potential Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Potential Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Potential Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Potential Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young

Certified Public Accountants

Hong Kong

6 October 2023

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited

Units 1602-4, 16/F
FWD Financial Centre
No. 308 Des Voeux Road Central
Hong Kong



The Board of Directors

Beijing Properties (Holdings) Limited

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

6 October 2023

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Value of the property interests located in The People's Republic of China ("**The PRC**") to be disposed of by Beijing Properties (Holdings) Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 31 July 2023 (the "**Valuation Date**").

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

VALUATION METHODOLOGY

When valuing the property interests to be disposed of by the Group, we have adopted Market Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the property interests. However, we have not scrutinised the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on information provided by the Group.

We have relied on the advices given by The PRC legal adviser of the Group, Tianyuan Law Firm, regarding the titles of the property interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

INFORMATION SOURCES

We have relied to a considerable extent on information provided by the Group and the legal adviser, in respect of the titles of the property interests in The PRC. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The property was inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“RMB”).

The valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited
Vincent Cheung
BSc(Hons) MBA FRICS MHKIS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note: Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“**Hong Kong**”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 26 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION CERTIFICATE

Property Interests to be Disposed of by the Group in The PRC

Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 July 2023
Fortune Land (Jiaxing) International Industrial Park, No. 685 Fenghua Road, Nanhu District, Jiaxing, Zhejiang Province, The PRC	<p>The property comprises eight warehouses, a composite building and some ancillary buildings erected on a parcel of industrial land.</p> <p>As per a Real Estate Title Certificate, the property has a site area of approximately 143,308.80 square metres (“sq.m.”) and has a gross floor area (“GFA”) of approximately 94,455.43 sq.m. It was completed in about 2019.</p> <p>The land use rights of the property were granted for a term expiring on 23 March 2067 for industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently leased subject to various tenancies with a total monthly rent of RMB2,096,649 per month. The prevailing occupancy rate is about 87.6% and the latest expiry date is in May 2033.</p>	<p>RMB368,000,000 (RENMINBI THREE HUNDRED AND SIXTY EIGHT MILLION)</p> <p>54.36% Interest Attributable to the Group Before Disposal:</p> <p>RMB200,044,800 (RENMINBI TWO HUNDRED MILLION FORTY FOUR THOUSAND AND EIGHT HUNDRED)</p>

Notes:

- The property was inspected by Kit Cheung *BSc(Hons) MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* on 19 August 2023.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC*, Kit Cheung *BSc(Hons) MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MRICS MHKIS RPS(GP) RICS Registered Valuer CAIA*.
- Pursuant to a Real Estate Title Certificate, Zhe (2023) Jia Kai Bu Dong Chan Quan Di No. 0016550 dated 12 July 2023 and issued by Jiaxing Natural Resources and Planning Bureau, the land use rights of the property with a site area of 143,308.80 sq.m. and the building ownership rights of the property with a GFA of 94,455.43 sq.m. were vested in Fortune Land Industrial Development (Jiaxing) Pte. Ltd.. The land use rights of the property were granted for a term expiring on 23 March 2067 for industrial uses.
- The general description and market information of the property are summarised below:

Location	:	The property is located at No. 685 Fenghua Road, Nanhu District, Jiaxing, Zhejiang Province, The PRC.
Transportation	:	Shanghai Hongqiao International Airport and Jiaxing Station are located approximately 104.0 kilometres and 9.3 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately an industrial area in Nanhu District.

5. We have been provided with a legal opinion regarding the property by Tianyuan Law Firm, which contains, *inter alia*, the following:
- (a) Fortune Land Industrial Development (Jiaxing) Pte. Ltd. has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws;
 - (b) The state-owned land use rights and building ownership rights of the property is not subject to mortgage, pledge, seizure, lien or other restrictions of rights; and
 - (c) Fortune Land Industrial Development (Jiaxing) Pte. Ltd. can legally use, occupy, transfer, let, mortgage or by other ways to handle in accordance with laws the state-owned land use rights and building ownership rights of the property.

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

(a) Directors' and the chief executives' interests and short positions in Shares and underlying shares

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 Issuers set out in Appendix 10 of 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 (<i>note</i>)	42,491,800	0.610
		150,666,000	2.163

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

The interests of the Directors and chief executives in the share options of the Company are separately disclosed in the section “Share option scheme” below. Other than as disclosed above, as at the Latest Practicable Date, no 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.

Share Option Scheme

Name of Director	Nature 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	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
	<u>12,000,000</u>				<u>0.1721</u>
Mr. Cheng Ching Fu	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
	<u>5,500,000</u>				<u>0.0789</u>
Mr. Yu Luning	4,000,000	31 May 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
	<u>8,000,000</u>				<u>0.1147</u>

Name of Director	Nature 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	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
	<u>2,500,000</u>				<u>0.0358</u>
Mr. Zhu Wuxiang	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
	<u>2,500,000</u>				<u>0.0358</u>
Mr. James Chan	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
	<u>2,500,000</u>				<u>0.0358</u>
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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (ii) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

(b) Directors being a director or employee in a company having an interest or short position under Divisions 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 or employee of the respective companies which have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions under Divisions 2 and 3 or Part XV of the SFO:

Name of Director	Name of companies ("Relevant Companies") which have an interest or short position in the shares or underlying shares of the Company	Position in the Relevant Companies
Mr. Zhu Yingying	BE City (with full name set out below)	Director
Mr. Xu Zhigang	BE City	Employee
Mr. Siu Kin Wai	Brilliant Bright (with full name set out below)	Director

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 ("Brilliant Bright")	(a)	1,557,792,500	-	-	-	1,557,792,500	22.35
Beijing Enterprises Real Estate (HK) Limited ("BEREHK")	(b)	2,526,882,407	1,557,792,500	-	-	4,084,674,907	58.61
北京北控城市發展集團有限公司 (Beijing Enterprises City Development Group Limited) ("BE City")	(c)	-	4,084,674,907	-	-	4,084,674,907	58.61
Illumination Holdings Limited ("Illumination")	(d)	87,451,458	-	-	-	87,451,458	1.25
Beijing Holdings Limited ("BHL")	(e)	487,166,195	87,451,458	-	-	574,617,653	8.24
Beijing Enterprises Group Company Limited ("BE Group")	(f)	-	4,659,292,560	-	-	4,659,292,560	66.85

Notes:

- (a) Brilliant Bright holds 1,557,792,500 Shares.
- (b) 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 BE City. BE City is deemed to be interested in the Shares which BEREHK is interested in.
- (d) Illumination holds 87,451,458 Shares.
- (e) 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.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' OTHER INTERESTS

Directors' competing interests

As at the Latest Practicable Date, Mr. Zhu Yingying was also a director of BE City, which engages in business of property investment and development, and he was 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.

Directors' 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, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

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. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given their opinions and advice which are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
Vincorn Consulting and Appraisal Limited	Independent Property Valuer

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, direct or indirect, or in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their reports or letters and the references to their names in the form and context in which they are included.

7. 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 sale and purchase agreement dated 2 August 2023 between China Logistics Infrastructures (Holdings) Limited (“**China Logistics Infrastructures**”) as vendor and JD Oriental Development III Limited (“**JD Oriental**”) as purchaser in relation to the sale and purchase of 10% of the issued share capital in each of New Concord Properties Limited (“**New Concord**”) and New Fine International Development

- Limited (“**New Fine**”), assignment of certain loans with the final consideration comprising (i) RMB180,000,000 for the sale shares, and (ii) RMB2,792,579.41 being the amount of outstanding loans and accrued interest;
- (b) the asset transaction agreement and the ancillary agreement both dated 14 July 2023 between De Hong Cold Chain Industry Investments (HK) Limited as vendor, COSCO Shipping Logistics Development Co., Ltd as purchaser and Tianjin Beijing Inland Port Co., Ltd in relation to the sale and purchase of 50% of the target company at the consideration of RMB146,000,000 and ancillary matters;
 - (c) the asset transaction agreement dated 28 April 2023 between China Logistics Warehouses (Holdings) Co., Ltd (“**China Logistics Warehouses**”) as vendor and Sinotrans Logistics Investment Holding Co., Ltd (“**Sinotrans**”) as purchaser in relation to the sale and purchase of the entire shareholding in Mark Famous Investment Limited (“**Mark Famous**”) at consideration of RMB108,431,620;
 - (d) the ancillary agreement dated 28 April 2023 between China Logistics Warehouses, Sinotrans, Mark Famous, Hainan Datong Warehouse Company Limited (“**Hainan Datong**”) and the Company in relation to procurement of minority shareholder of Hainan Datong to enter into agreement with Sinotrans and the repayment of related party debts (this agreement was entered into as an agreement ancillary to the agreement mentioned in item (c) above);
 - (e) the asset transaction agreement dated 28 April 2023 between China Logistics Warehouses as vendor and Sinotrans as purchaser in relation to the sale and purchase of the entire shareholding in Ocean Lord Investment Limited (“**Ocean Lord**”) at consideration of RMB277,861,760;
 - (f) the ancillary agreement dated 28 April 2023 between China Logistics Warehouses, Sinotrans, Ocean Lord, Xiamen Xunda Warehouse Company Limited (“**Xiamen Xunda**”) and the Company in relation to procurement of minority shareholder of Xiamen Xunda to enter into agreement with Sinotrans and the repayment of related party debts (this agreement was entered into as an agreement ancillary to the agreement mentioned in item (e) above); and
 - (g) the sale and purchase agreement dated 17 October 2022 between China Industrial Properties (Holding) Limited as vendor 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 (Wuzhong) I Pte. Ltd. at consideration of RMB 810,723,358.

- (h) the sale and purchase agreement dated 28 February 2022 between China Logistics Infrastructures as vendor and JD Oriental as purchaser in relation to the sale and purchase of 90% of the issued share capital in each of New Concord and New Fine, assignment of certain loans and grant of call option with the final consideration comprising (i) RMB1,362,000,000 being the revised minimum bid price for the sale shares, and (ii) RMB41,280,000 being the amount of outstanding loans and accrued interest.

8. 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 branch share registrar of the Company in Hong Kong is Tricor Tengis Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

9. 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 report on the unaudited pro forma financial information of the Remaining Group issued by Ernst & Young, the text of which is set out in Appendix IV to this circular;
- (b) the valuation report issued by the Property Valuer, the text of which is set out in Appendix V to this circular; and
- (c) the written consents referred to in the section headed “Experts and Consents” in this Appendix.

NOTICE OF SGM



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 (the “SGM”) of Beijing Properties (Holdings) Limited (the “Company”) will be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 24 October 2023 at 11:00 a.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following resolution as the ordinary resolution of the Company:

ORDINARY RESOLUTION

Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular dated 6 October 2023 of the Company.

“**THAT** the Company is hereby authorised and approved to dispose of 75% shareholding in SSinolog (Jiaxing) I Pte. Ltd. and 100% equity interest in Fortune Land Industrial Development (Jiaxing) Pte. Ltd. by way of Public Tender in accordance with the major terms as stated in the circular of the Company dated 6 October 2023 and the transactions contemplated under the Potential Disposal, which constitute a very substantial disposal, be and are hereby approved, ratified and confirmed and **THAT** any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and to execute and deliver all agreements and documents and to take such steps which he/they may consider necessary, expedient or desirable to give effect to the Potential Disposal and the transactions contemplated thereunder.”

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

Hong Kong, 6 October 2023

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated website (<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.
4. Details of the proposed resolution are set out in the circular of the Company dated 6 October 2023.
5. If Typhoon Signal No. 8 or above, or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect at any time after 8:30 a.m. on the date of the SGM, the meeting will be postponed. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.bphl.com.hk) to notify Shareholders of the date, time and place of the rescheduled meeting. The SGM will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, Mr. Zhu Yingying, Mr. Xu Zhigang, 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.