THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

MAJOR AND CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED ACQUISITIONS OF 45% INTEREST AND 50% INTEREST IN TWO EQUITY JOINT VENTURE COMPANIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

SUNWAH KINGSWAY
新華滙富
Kingsway Capital Limited

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

A letter from the Board is set out on pages 5 to 21 of this circular. A letter from the Independent Board Committee containing its recommendation in respect of the Agreements and the transactions contemplated thereunder is set out on page 22 of this circular. A letter from Kingsway containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder is set out on pages 23 to 35 of this circular.

A notice convening the EGM to be held on Friday, 12 December 2014 at 9:00 a.m. at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, People's Republic of China, together with the reply slip and form of proxy are enclosed herein.

If you intend to attend the EGM, please complete and return the enclosed reply slip and form of proxy in accordance with the instruction printed thereon as soon as possible, and in any event no later than Thursday, 4 December 2014 for the reply slips and no less than 24 hours before the time appointed for the meetings or any adjourned meetings thereof for the form of proxy.

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

27 November 2014

CONTENTS

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

"Acquisitions"	the Tianjin Acquisition and Chongqing Acquisition
"Agreements"	the Chongqing Equity Transfer Agreement and the Tianjin Equity Transfer Agreement
"Board"	the board of directors of the Company
"Chongqing Acquisition"	the purchase of 50% equity interest of the Chongqing Target Company by First Base from Reco Ziyang as contemplated under the Chongqing Equity Transfer Agreement
"Chongqing Equity Transfer Agreement"	the equity transfer agreement dated 4 November 2014 entered into between First Base and Reco Ziyang in relation to the transfer of 50% equity interest of the Chongqing Target Company
"Chongqing Hongensi Project"	the project situated at Jiangbei District, Chongqing, the PRC, comprising high-rise residential building, multi-storey buildings and commercial property and has site area and total gross floor area of approximately 229,300 sq.m. and 965,100 sq.m. respectively
"Chongqing Target Company"	Chongqing Xinshi Real Estate Development Co., Ltd.* (重慶首創新石置業有限公司), an equity joint venture company established in the PRC with limited liability, owned as to 50% by Reco Ziyang and 50% by First Base as at the date of this circular
"Chongqing Target Interest"	the 50% equity interest of the Chongqing Target Company held by Reco Ziyang as at the date of this circular
"Company"	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the main board of the Hong Kong Stock Exchange

"Completion"	completion of the Tianjin Equity Transfer Agreement and the Chongqing Equity Transfer Agreement in accordance with their terms and conditions respectively
"connected persons"	having the meaning ascribed to such term in the Listing Rules
"DTZ"	DTZ Debenham Tie Leung Limited, an independent property valuer
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Acquisitions
"Enlarged Group"	the Group, Chongqing Target Company and Tianjin Target Company
"First Base"	First Base Properties Limited（富才置業有限公司）, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"H shares"	the ordinary shares of RMB1.00 each in the share capital of the Company, which are issued outside the PRC, listed on the Stock Exchange and traded in Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Li Zhaojie, Mr. Ng Yuk Keung and Mr. Wang Hong, established to advise the Independent Shareholders on the proposed Acquisitions
"Independent Shareholders"	for the purpose of considering, and if thought fit, approving the proposed Acquisitions to be proposed at the EGM

"Kingsway"	Kingsway Capital Limited, a licenced corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as set out in schedule 5 of the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions
"Latest Practicable Date"	23 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Reco Ziyang"	Reco Ziyang Pte Ltd., a company incorporated in Singapore, which is the substantial shareholder of certain subsidiaries of the Company and hence a connected person of the Company
"PRC"	the People's Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sales rate"	total contracted sale area divided by total saleable area
"Shareholders"	holders of the Shares of the Company
"Shares"	the domestic share(s), non-H foreign shares(s) and H Share(s) of RMB1.00 each in the registered capital of the Company
"sq.m."	square meter
"Star Key"	Star Key Limited (成超有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Tianjin Acquisition"	the purchase of 45% equity interest of the Tianjin Target Company by Star Key from Reco Ziyang as contemplated under the Tianjin Equity Transfer Agreement
"Tianjin Equity Transfer Agreement"	the equity transfer agreement dated 4 November 2014 entered into between Star Key and Reco Ziyang in relation to the transfer of 45% equity interest of the Tianjing Target Company
"Tianjin First City Project"	the project situated at Tanggu District, Tianjin, the PRC, comprising garden houses, high-rise residential building and commercial property and has a site area and total gross floor area of approximately 233,300 sq.m. and 478,000 sq.m. respectively
"Tianjin Target Company"	Tianjin Banshan Renjia Real Estate Co., Ltd.*（天津伴山人家置業有限公司）, an equity joint venture company established in the PRC with limited liability, owned as to 45% by Reco Ziyang and 55% indirectly by the Company as at the date of this circular
"Tianjin Target Interest"	the 45% equity interest of the Tianjin Target Company held by Reco Ziyang as at the date of this circular
"Xi'an Acquisition"	the acquisition of 60% equity interest of the Xi'an Capital Xin Kai Real Estate Ltd.（西安首創新開置業有限公司） by Asian Expert Limited, an indirectly wholly-owned subsidiary of the Company, pursuant to an equity transfer agreement dated 15 August 2014 entered into with Reco Ziyang as seller, the details of which were set out in the announcement dated 15 August 2014 issued by the Company

* *The English names of the PRC entities are translations of their Chinese names and are included for identification purpose only.*

首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

Executive Directors:
Liu Xiaoguang *(Chairman)*
Tang Jun
Zhang Juxing

Non-executive Directors:
Wang Hao
Shen Jianping
Zhang Shengli

Independent non-executive Directors:
Li Zhaojie
Ng Yuk Keung
Wang Hong

Legal address:
Room 501
No.1, Yingbinzhong Road
Huairou District
Beijing
PRC

Place of business in the PRC:
F17, Red Goldage
No.2, Guang Ning Bo Street
Beijing
PRC

Place of business in Hong Kong:
Suites 2906-08, AIA Central,
1 Connaught Road Central,
Hong Kong

27 November 2014

To the Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED ACQUISITIONS OF 45% INTEREST AND 50% INTEREST IN TWO EQUITY JOINT VENTURE COMPANIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2014 in relation to, among other things, the proposed acquisitions of 45% interest and 50% interest in two equity joint venture companies.

The purpose of this circular is to provide the Shareholders with details of:

(a) the Acquisitions;

(b) the letter of advice from Kingsway as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions;

(c) the financial information of the Group;

(d) the financial information of Tianjin Target Company and Chongqing Target Company;

(e) the pro forma financial information of the Enlarged Group; and

(f) the valuation of properties of the Tianjin Target Company and Chongging Target Company.

The notice of the EGM to the Shareholders together with the reply slip and form of proxy, are also enclosed in this circular.

THE ACQUISITIONS

The Board is pleased to announce that, on 4 November 2014, (i) Star Key, an indirect wholly-owned subsidiary of the Company, and Reco Ziyang, a connected person of the Company, entered into the Tianjin Equity Transfer Agreement whereby Star Key has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Tianjin Target Interest for a consideration of approximately RMB224.62 million, subject to the terms and conditions of the Tianjin Equity Transfer Agreement; and (ii) First Base, an indirect wholly-owned subsidiary of the Company and Reco Ziyang entered into the Chongqing Equity Transfer Agreement whereby First Base has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Chongqing Target Interest for a consideration of approximately RMB581.74 million, subject to the terms and conditions of the Chongqing Equity Transfer Agreement. Upon Completion, Reco Ziyang will cease to have any interest in the Tianjin Target Company and Chongqing Target Company and the Company will become the indirect sole owner of the Tianjin Target Company and Chongqing Target Company.

The Tianjin Equity Transfer Agreement

Date

4 November 2014

Parties

The Tianjin Equity Transfer Agreement was entered into between:

Purchaser: Star Key, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding.

Seller:	Reco Ziyang, a company incorporated in Singapore, which is a connected person of the Company, principally engaged in property investment in the PRC. Reco Ziyang is a substantial shareholder of certain subsidiaries of the Company engaging in a number of real estate projects in the PRC.

Target Interest to be Purchased

Star Key has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Tianjin Target Interest, being the 45% equity interest in the Tianjin Target Company held by Reco Ziyang. The Tianjin Target Company was established in January 2007. As at the date of this circular, it is owned as to 45% by Reco Ziyang and 55% indirectly by the Company. The total contribution of Reco Ziyang to the registered capital of the Tianjin Target Company was US$33.3 million.

Consideration

The consideration payable for the Tianjin Acquisition shall be approximately RMB224.62 million which would be payable by Star Key in cash by internal funding on the Completion Date.

Basis of consideration

The consideration for the acquisition of the Tianjin Target Interest was determined after arm's length negotiations among the parties taking into account of the net asset value of the Tianjin Target Company attributable to Reco Ziyang of approximately RMB265.3 million as at 30 June 2014 (being 45% of RMB589.6 million), and the valuation of the property held by Tianjin Target Company attributable to Reco Ziyang of approximately RMB16.6 million as at 30 September 2014 (being 45% of approximately RMB36.8 million) as indicated in the preliminary assessment prepared by DTZ.

Conditions precedent

Completion of the Tianjin Equity Transfer Agreement and the transactions contemplated thereunder is conditional upon the parties having obtained all relevant approvals and authorizations in accordance with the applicable laws and rules and the articles of the Tianjin Target Company, including the approval by the Independent Shareholders of the Tianjin Equity Transfer Agreement and the transactions contemplated thereunder at the EGM in compliance with the requirements of the Listing Rules.

The Chongqing Equity Transfer Agreement

Date

4 November 2014

Parties

The Chongqing Equity Transfer Agreement was entered into between:

Purchaser:	First Base, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding.
Seller:	Reco Ziyang.

Target Interest to be Purchased

First Base has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Chongqing Target Interest, being the 50% equity interest in the Chongqing Target Company held by Reco Ziyang. The Chongqing Target Company was established in April 2008 with the Company and Reco Ziyang as its founders. The total contribution of Reco Ziyang to the registered capital of the Chongqing Target Company was US$47.5 million.

Consideration

The consideration payable for the Chongqing Acquisition shall be approximately RMB581.74 million which would be payable by First Base in cash by internal funding on the Completion Date.

Basis of consideration

The consideration for the acquisition of the Chongqing Target Interest was determined after arm's length negotiations among the parties taking into account of the net asset value of the Chongqing Target Company attributable to Reco Ziyang of approximately RMB350.8 million as at 31 August 2014 (being 50% of RMB701.6 million), the aggregate valuation of the property unsold and under construction held by Chongqing Target Company attributable to Reco Ziyang of approximately RMB1,559.5 million as at 30 September 2014 (being 50% of approximately RMB3,119.0 million) as indicated in the preliminary assessment prepared by DTZ; and the expected tax payable by the Chongqing Target Company of approximately RMB285.1 million as a result from appreciation in property value.

Conditions precedent

Completion of the Chongqing Equity Transfer Agreement and the transactions contemplated thereunder is conditional upon the parties having obtained all relevant approvals and authorizations in accordance with the applicable laws and rules and the articles of the Chongqing Target Company, including the approval by the Independent Shareholders of the Chongqing Equity Transfer Agreement and the transactions contemplated thereunder at the EGM in compliance with the requirements of the Listing Rules.

INFORMATION ON THE GROUP, STAR KEY AND FIRST BASE

The Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868). The Group is a large property developer in the PRC, focusing primarily on developing and investing in commercial properties, outlets-backed integrated properties and medium to high-end residential properties, operation of hotels, property consulting services and investment holding.

Each of Star Key and First Base is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON RECO ZIYANG

Reco Ziyang is a company established in Singapore with limited liability. It is principally engaged in property investment in the PRC. Reco Ziyang is a connected person of the Company at the subsidiary level (by virtue of being a substantial shareholder (within the meaning of the Listing Rules) of certain subsidiaries of the Company, which are joint venture companies established for real estate projects between the Company and Reco Ziyang in the PRC). Reco Pearl Private Limited, a close associate (within the meaning of the Listing Rules) of Reco Ziyang, is a holder of H Shares in the Company, holding 165,070,000 H Shares (representing approximately 8.14% of the total issued share capital of the Company) as at the date of this circular.

INFORMATION ON THE TIANJIN TARGET COMPANY

The Tianjin Target Company was established in January 2007 in the PRC. As at the date of this circular, it is owned as to 45% by Reco Ziyang and 55% indirectly by the Company.

Tianjin Target Company is mainly engaged in the development of Tianjin First City Project and is situated at Tanggu District, Tianjin, the PRC, comprising garden houses, high-rise residential building and commercial property and has a site area, planned total gross floor area and total saleable area of approximately 233,300 sq.m., 478,000 sq.m. and 415,000 sq.m. respectively. As at 30 June 2014, the contracted sale area of the project is approximately 412,900 sq.m. and the sales rate is about 99%.

Financial information of the Tianjin Target Company

For each of the three years ended 31 December 2011, 2012 and 2013, and the six months ended 30 June 2014, the audited total revenue of the Tianjin Target Company was approximately RMB1,225 million, RMB1,426 million, RMB9.3 million and RMB0.9 million, respectively. As at 30 June 2014, the Tainjin Target Company had net asset value of approximately RMB589.6 million.

The audited profit before and after tax of the Tianjin Target Company for the respective periods were as follows:

	For the year ended 31 December		
	2011	**2012**	**2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Profit before tax	453,300	244,527	2,983
Profit after tax	339,975	183,395	2,237

INFORMATION ON THE CHONGQING TARGET COMPANY

The Chongqing Target Company was established in April 2008 in the PRC. As at the date of this circular, it is owned as to 50% by Reco Ziyang and 50% by First Base.

Business of the Chongqing Target Company

Chongqing Target Company mainly engaged in Chongqing Hongensi Project and is situated at Jiangbei District, Chongqing, the PRC, comprising high-rise residential building, multi-storey buildings and commercial property and has a site area, total gross floor area and total saleable area of approximately 229,300 sq.m., 965,100 sq.m. and 946,300 sq.m. respectively. As at 31 August 2014, the contracted sale area of the project is approximately 658,600 sq.m. and the sales rate is about 70%.

Financial information of the Chongqing Target Company

For each of the three years ended 31 December 2011, 2012 and 2013 and the eight months ended 31 August 2014 the audited total revenue of the Chongqing Target Company was approximately RMBnil, RMB941 million, RMB1,593 million and RMB167 million, respectively. As at 31 August 2014, the Chongqing Target Company had net asset value of approximately RMB701.6 million.

The audited profit/(loss) before and after tax of the Chongqing Target Company for the respective periods were as follows:

	For the year ended 31 December		
	2011	**2012**	**2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Profit/(loss) before tax	(16,241)	230,292	359,453
Profit/(loss) after tax	(12,181)	172,719	269,590

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Entering into these agreements enables the Company to acquire the remaining equity interests of Tianjin Target Company and Chongqing Target Company at reasonable costs (which were arrived at after arm's length negotiations principally based on the net assets of each target company and the valuations prepared by DTZ of the properties held by them), and thereby acquire the entire equity interests of Tianjin First City Project and Chongqing Hongensi Project, providing Shareholders with higher income and return and aiming to generate profits in the future. The properties of Tianjin First City Project have been basically sold out, and the sales of Chongqing Hongensi Project have entered a later stage with cash inflow. Most of the income and expenses of these projects have been recognised, which effectively helps to reduce the risk of the Acquisitions. Furthermore, Chongqing Hongensi Project has been in a solid working capital position resulting from receiving payments from sales. The Acquisitions will benefit the Group from increasing liquidity, achieving better overall utilization of funds and reducing overall financing costs. Despite the sales rate of 70% for the Chongqing Hongensi Project (as at 31 August 2014) and 99% for the Tianjin First City Project (as at 30 June 2014), the Company decided to acquire the Tianjin Target Interest and Chongqing Target Interest because (i) the major portion of the property presold for the Chongqing Hongensi Project will be transferred or delivered to the purchasers by the end of 2014 and thus relevant amount of revenue and profit will be recognised by the Group by then; (ii) there will be future revenue from Chongqing Target Company's properties which are unsold and under construction; (iii) there are remaining unsold properties in the Chongqing Hongensi Project and Tianjin First City Project; (iv) most of the revenue and expenses of the Tianjin First City Project has been recognised and thus the risk of the acquisition is minimised; and (v) the Company can obtain full control of the sale of the remaining properties of the Chongqing Target Company and Tianjin Target Company.

Therefore, the Directors (excluding the independent non-executive Directors) are of the view that the terms of the Tianjin Equity Transfer Agreement and Chongqing Equity Transfer Agreement and the Acquisitions contemplated thereunder, which have been reached after arm's length negotiations among the parties, are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole. The views of the Independent Board Committee comprising independent non-executive Directors are set out in the text of the letter from the Independent Board Committee in this circular. Further, none of the Directors have a material interest in the Acquisitions.

FINANCIAL EFFECT OF THE ACQUISITIONS

Upon Completion, the Tianjin Target Company and Chongqing Target Company will become indirect wholly-owned subsidiaries of the Company and the result of which will continue to be consolidated into the Group's financial statements.

As explained in the unaudited pro forma financial information of the Enlarged Group, details of which is set out in Appendix IV to this circular, the Group had net asset value of approximately RMB18,101 million as at 30 June 2014. The amount of consideration paid over the carrying value of the Tianjin Target Interest and the Chongqing Target Interest will be recognised as a deduction of capital surplus in the Group's consolidated owner's equity. Upon Completion, the net asset value will decrease by the amount of cash consideration of approximately RMB806.36 million. As Tianjin First City Project and Chongqing Hongensi Project are in the final stage of selling, substantial costs and revenue are basically recognized and it is expected that following the Acquisitions, there will be no non-controlling interests associated with those target companies and the Group will capture the entire earnings of those target companies and there should be a positive impact to the net profit attributable to the Company.

The Group had cash at bank and on hand of approximately RMB11,673 million as at 30 June 2014. The working capital position of the Group will decrease by the amount of consideration of approximately RMB806.36 million payable in cash as a result of the Acquisitions. The net gearing ratio of the Group as at 30 June 2014 was 77%, as calculated by the borrowings and debentures payable net of net cash and bank balances and then divided by total owners' equity. As a result of the Acquisitions both the net cash and bank balances and the total owners' equity will be reduced by the amount of cash consideration, thus, the net gearing ratio of the Group will increase.

LISTING RULES IMPLICATIONS

The Acquisitions, together with the Xi'an Acquisition, constitute: (i) a major transaction for the Company under Rule 14.06(3) and Rule 14.22 of the Listing Rules as the applicable percentage ratios exceed 25% but are less than 100%, when aggregated, and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction for the Company as Reco Ziyang is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS OF TIANJIN TARGET COMPANY AND CHONGQING TARGET COMPANY

(1) Operating performance

Tianjin Target Company

The Tianjin Target Company was established on 18 January 2007 in Tianjin and with a registered capital of US$74,000,000 as at the Latest Practical Date. It principally engages in the development and management of Tianjin First City Project. The Company holds 55% equity interests in the Tianjin Target Company through a wholly-owned subsidiary, and is responsible for its daily operation and management. The Tianjin Target Company is a subsidiary of the Company and has been consolidated into the Group's financial statements. Reco Ziyang holds 45% equity interests in the Tianjin Target Company.

The Tianjin Target Company recorded a profit of approximately RMB339,975,000, RMB183,395,000 and RMB2,237,000 for each of the three years ended 31 December 2011, 2012 and 2013 respectively. The Tianjin Target Company recorded a profit of approximately RMB2,933,000 and RMB18,671,000 for the six months period ended 30 June 2013 and 2014 respectively. The Tianjin Target Company recorded a profit during the above periods, which is mainly due to satisfactory sales performance of the project. The profits of the Tianjin Target Company in 2013 dropped as compared with those in 2012, and the profits as at 30 June 2014 is lower than those as at 30 June 2013, which mainly because the project had been completed for residence in 2012 and only recorded revenue from the settlement of profits in respect of remaining units in and after 2013.

There is no information on business segment as the Tianjin Target Company only engaged in the development of Tianjin First City Project since its establishment and up to the Latest Practicable Date.

Chongqing Target Company

The Chongqing Target Company was incorporated on 23 April 2008 in Chongqing with a registered capital of US$95,000,000. It principally engages in the development and management of Chongqing Hongensi Project. The Company holds 50% equity interests in the Chongqing Target Company through its wholly-owned subsidiary and is responsible for its daily operation and management. The Chongqing Target Company is a subsidiary of the Company and has been consolidated into the Group's financial statements. Reco Ziyang holds 50% equity interests in the Chongqing Target Company.

The Chongqing Target Company recorded a loss of approximately RMB12,181,000, a profit of approximately RMB172,719,000 and RMB269,590,000 for each of the three years ended 31 December 2011, 2012 and 2013 respectively. The Chongqing Target Company recorded a profit of approximately RMB216,596,000 and RMB27,082,000 for the eight months period ended 31 August 2013 and 2014 respectively. The Chongqing Target Company recorded a loss in 2011 mainly because it didn't record revenue in 2011 from Chongqing Hongensi Project which commenced construction in 2010 and had not been delivered for occupancy in 2011. The Chongqing Target Company recorded a profit in 2012 and 2013, primarily due to the high sales performance of the project since it is in close proximity to the Hongensi Park, with comprehensive ancillary facilities and in a mature commercial atmosphere. The profits of the Chongqing Target Company as at 31 August 2014 were lower than those as at 30 June 2013, which primarily because properties of the Chongqing Target Company are expected to be delivered collectively in the end of 2014 while delivery of properties in 2013 was mainly completed during the period between January and August.

There is no information on business segment as the Chongqing Target Company only engaged in the development of Chongqing Hongensi Project since its establishment and up to the Latest Practicable Date.

(2) Substantial acquisitions and disposals

Save as the interests in Tianjin First City Project and Chongqing Hongensi Project respectively, the Tianjin Target Company and the Chongqing Target Company do not have any material investments, substantial acquisitions and disposals since 1 January 2011 and up to and including the Latest Practicable Date.

(3) Litigation

The Tianjin Target Company and the Chongqing Target Company do not have any litigation or arbitration of material importance since 1 January 2011 and up to and including the Latest Practicable Date.

(4) Financial resources, liquidity and gearing ratio

Tianjin Target Company

As at 31 December 2011, 2012 and 2013, the audited total liabilities of Tianjin Target Company amounted to RMB1,268,724,000, RMB772,340,000 and RMB580,409,000 respectively. Cash and bank balance amounted to approximately RMB227,888,000, RMB248,795,000 and RMB38,191,000 respectively. Tianjin Target Company financed its operation through bank loans and presale deposits generally.

As at 31 December 2011, Tianjin Target Company had a bank borrowing of RMB85,000,000, among which, RMB50,000,000 (the principal amount was repaid in full in 2012) was pledged over the land use right of Tianjin First City Project and the construction in progress thereof and RMB35,000,000 (the principal amount was repaid early in full in 2013) was guaranteed by the Company. For the year ended 31 December 2013 and for the six months ended 30 June 2014, Tianjin Target Company had no bank borrowing.

For each of the three years ended 31 December 2011, 2012 and 2013, advances from customers for properties sold of Tianjin Target Company amounted to approximately RMB787,627,000, RMB4,121,000 and RMB682,000 respectively. For the six months ended 30 June 2014, advances from customers for properties sold amounted to approximately RMB672,000. Presale deposits provided Tianjin Target Company with stable working capital. Tianjin First City Project was completed for residence in 2012, and thus Tianjin Target Company recorded less presale deposits in and after 2012.

For each of the three years ended 31 December 2011, 2012 and 2013, the gearing ratio of Tianjin Target Company (calculated by bank borrowings less cash and bank balance and divided by equity attributable to equity holders of Tianjin Target Company) were approximately –0.17 times, –0.29 times and –0.05 times, respectively; as of 30 June 2014, its gearing ratio was approximately –0.04 times.

Chongqing Target Company

For each of the three years ended 31 December 2011, 2012 and 2013, the audited total liabilities of Chongqing Target Company amounted to RMB1,876,192,000, RMB2,621,599,000 and RMB2,008,212,000 respectively. Cash and bank balance amounted to approximately RMB215,678,000, RMB358,689,000 and RMB181,137,000 respectively. Chongqing Target Company financed its operation through bank loans and presale deposits generally.

As at 31 August 2014, Chongqing Target Company had a bank borrowing of RMB488,500,000(for each of the three years ended 31 December 2013, 2012 and 2011: RMB477,500,000, RMB892,700,000 and RMB385,000,000 respectively), among which, bank borrowing of RMB72,500,000(for each of the three years ended 31 December 2013, 2012 and 2011: RMB275,500,000, RMB442,700,000 and RMB385,000,000 respectively) was pledged over the land use right of the project and the principal amount will be repayable in full before 31 December 2014; bank borrowing of RMB300,000,000(for each of the three years ended 31 December 2013, 2012 and 2011: nil) was secured by the construction in progress of the project and the principal amount of RMB30,000,000 will be repayable before 31 August 2015 and the principal amount of RMB270,000,000 will be repayable in full before June 2016; bank borrowing of RMB116,000,000(for each of the three years ended 31 December 2013, 2012 and 2011: RMB202,000,000, RMB450,000,000 and RMB nil) were guaranteed by a third party and the principal amount will be repayable in full before 31 December 2014. Bank borrowing and the repayment schedule will be in line with the development and sales plan of Chongqing Hongensi Project.

For each of the three years ended 31 December 2011, 2012 and 2013, advances from customers for properties sold of Chongqing Target Company amounted to approximately RMB1,170,144,000, RMB1,318,920,000 and RMB889,044,000 respectively. For the eight months ended 31 August 2014, advances from customers for properties sold amounted to approximately RMB1,457,888,000. Presale deposits provided Chongqing Target Company with stable working capital.

For each of the three years ended 31 December 2011, 2012 and 2013, the gearing ratio of Chongqing Target Company were approximately 0.27 times, 0.66 times and 0.28 times, respectively; as of 31 August 2014, its gearing ratio was approximately 0.21 times.

(5) Pledge on assets

On 31 December 2011, Tianjin Target Company secured a bank borrowing of RMB85,000,000 with a pledge over the land use rights of the project and the construction in progress thereof, the principal was repaid in full in 2012. During the year ended 31 December 2013 and six months ended 30 June 2014, Tianjin Target Company did not have any pledges on assets.

On 31 August 2014, Chongqing Target Company secured a bank borrowing of RMB72,500,000 (for each of the three years ended 31 December 2011, 2012 and 2013 was RMB385,000,000, RMB442,700,000 and RMB275,500,000 respectively) with a pledge over the land use rights of the project, the principal of which is due for repayment in full before 31 December 2014, and secured a bank borrowing of RMB300,000,000 (for each of the three years ended 31 December 2013, 2012 and 2011was nil) with a pledge over the construction in progress of the project, of which the principal of RMB30,000,000 is due for repayment before 31 August 2015 while the principal of RMB270,000,000 is due for repayment in full before June 2016.

(6) Capital commitments

As at 30 June 2014, Tianjin Target Company had capital commitments contracted for but not incurred of approximately RMB8,616,000 and capital commitments authorised but not contracted for of approximately RMB21,337,000.

As at 31 August 2014, Chongqing Target Company had capital commitments contracted for but not incurred of approximately RMB873,119,000 and capital commitments authorised but not contracted for of approximately RMB89,405,000.

The Directors consider the capital commitments of Tianjin Target Company and Chongqing Target Company are in line with the developing progress of each projects.

(7) Contingent liabilities

Tianjin Target Company

For each of the three years ended 31 December 2011, 2012 and 2013 and as at 30 June 2014, Tianjin Target Company did not have any material contingent liabilities.

Chongqing Target Company

For each of the three years ended 31 December 2011, 2012 and 2013, the outstanding guarantee amount of Chongqing Target Company was RMB434,109,000, RMB756,200,000 and RMB665,275,000 respectively. As at 31 August 2014, the outstanding guarantee amount was RMB793,155,000. Such guarantee represented the guarantee provided by Chongqing Target Company in phases for the mortgage loan which is provided to the house purchasers by banks. Such guarantee will be released after the house purchasers have obtained property ownership certificates and completed the house mortgage registration. Apart from that guarantee, Chongqing Target Company had no other material contingent liabilities.

The Directors consider the above guarantee is provided for the needs of the normal business development of the Company and would have no material impact on the financial position of the Company.

(8) Employees and remuneration policy

Employee remuneration of Tianjin Target Company and Chongqing Target Company is determined with reference to market terms, performance, qualifications and experience of each employee. Project companies within the same city are under common daily operation and management from their respective city quarter and the personnel are not employed independently by project companies. Therefore, it is not practical to identify the number of employees in a particular project company.

Tianjin Target Company and Chongqing Target Company are companies in the business combination of the Group, and the key management of them is designated by the Company and the remuneration is borne by them respectively. For each of the three years ended 31 December 2011, 2012 and 2013, the remuneration allocated to Tianjin Target Company was RMB12,741,000, RMB7,052,000 and RMB6,000 respectively, while the remuneration allocated to Chongqing Target Company was RMB2,697,000, RMB6,180,000 and RMB8,700,000 respectively.

There were no share option schemes for each of Tianjin Target Company and Chongqing Target Company.

Upon completion of the transaction, there will be no material changes on employees and remuneration policy.

(9) Foreign currency risk

Tianjin Target Company and Chongqing Target Company are not exposed to the foreign currency risk as their principal business are located in the PRC and settled with Renminbi, and there is no recognised foreign currency liabilities.

(10) Prospect

Tianjin Target Company

Upon the completion of acquisition, Tianjin Target Company will become a wholly owned subsidiary of the Company and the Company will hold 100% equity interests in Tianjin First City Project.

Tianjin First City Project is located at Binhai New District, Tianjin. The project has an area of 233,300 sq.m. and a planned total gross floor area of 478,000 sq.m., among which, there is a saleable area of 415,000 sq.m. and 4,122 saleable residential units. The project was first launched in February 2009 and completed in April 2013, except for the portions of the basement car park and civil defense shelter. As of 30 June 2014, there is a contracted area of 412,900 sq.m. with a sales rate of 99% and contracted amount of approximately RMB3,714,600,000. The saleable area of the remaining units is 2,141 sq.m., which are commercial property.

Tianjin First City Project have been basically sold out, and there is very limited room for downward adjustment of the sales price of the remaining units in the market.

Chongqing Target Company

Upon the completion of acquisition, Chongqing Target Company will become a wholly owned subsidiary of the Company and the Company will hold 100% equity interests in Chongqing Hongensi Project.

Chongqing Hongensi Project, situated at Jiangbei District, Chongqing, is positioned in substantial traffic nodes of Chongqing and supported by convenient transportation and well-developed community facilities, as well as a good commercial atmosphere. The project is adjacent to The Hongensi Park, which has environmental advantages. The project has an area of 229,300 sq.m. and a total gross floor area of 965,100 sq.m. and total saleable area of 946,300 sq.m.. The project was first launched in August 2010 and is anticipated to be fully completed in December 2015. As of 31 August 2014, there is a contracted area of 658,600 sq.m. with a sales rate of 70% and contracted amount of approximately RMB4,611,570,000. The saleable area of the remaining units is 287,700 sq.m., among which, 130,900 sq.m. for residential use, 25,100 sq.m. for commercial use and 131,700 sq.m. for car parking.

Since Chongqing Hongensi Project is equipped with exceptional transportation and environmental advantages, it is anticipated that there is very limited room for downward adjustment of the sales price of the remaining units in the market.

The Directors believe that, Tianjin First City Project have been basically sold out and most of the property has been delivered and occupied, with limited units remaining unsold; Chongqing Hongensi Project have entered the final stage of selling, substantial costs and income are basically recognised and it is expected that it will making profit in the coming two years while reducing market risk effectively, so as to increase the net profit attributable to the Company. In addition, Chongqing Target Company has ample capital at book value, the transaction will increase the available cash for the Group, enhance the overall liquidity, lower the overall capital cost of the Company and strengthen the capability and advantageous position for accumulating quality resources amid the adjustment period in the industry.

EXTRAORDINARY GENERAL MEETING

Set out on pages 172 to 174 of this circular is a notice of the EGM to be held on Friday, 12 December 2014 at 9:00 a.m. at F17, Red Goldage, No. 2, Guang Ning Bo Street, Beijing, PRC for the purpose of considering and, if thought fit, passing the ordinary resolutions to approve, confirm and ratify the Agreements and the transactions contemplated thereunder.

The Independent Board Committee, comprising Mr. Li Zhaojie, Mr. Ng Yuk Keung and Mr. Wang Hong, who are all independent non-executive Directors and do not have an interest in the Agreements have been appointed to advise the Independent Shareholders on whether or not the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Independent Shareholders and the Company as a whole. Kingsway has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreements.

The Articles provide that those Shareholders who intend to attend any Shareholders' general meeting shall send a written reply to the Company 7 days before the date of the meeting (the "Reply Date"). In case the written replies received from the Shareholders indicating their intention to attend the EGM represent holders of less than one half of the total number of Shares with voting rights, the Company shall within 5 days after the Reply Date inform the Shareholders in the form of a public announcement the matters to be considered at the EGM, and the date and place of the meeting. The relevant general meeting may be convened after such announcement has been published.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the form of proxy and return the same to the Company's place of business in the PRC (for holders of domestic shares and non-H foreign shares) or Hong Kong (for holders of H Shares) no later than 24 hours before the time appointed for the meeting.

In view of the above requirements in respect of the meeting convened by the notice of the EGM, you are urged to complete and return the form of proxy and the reply slip enclosed, whether or not you intend to attend the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meetings thereof should you desire and in such event, the relevant form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the EGM will be voted by poll.

VOTING AT THE EGM

Reco Pearl Private Limited, a close associate of Reco Ziyang, and its associates which are interested in the H Shares of the Company are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve, among others, the Acquisitions. Reco Pearl Private Limited, an associate (within the meaning of the Listing Rules) of Reco Ziyang, is a holder of H-shares in the Company, holding 165,070,000 H shares (representing approximately 8.14% of the total issued share capital of the Company) as at the date of this circular. To the best knowledge of the Company, no other shareholder has a material interest in the Acquisition and is required to abstain from voting.

RECOMMENDATIONS

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 22 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Agreements and (b) the letter from Kingsway set out on pages 23 to 35 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Agreements, the principal factors and reasons considered by Kingsway in arriving at its recommendations.

The Independent Board Committee, having taken into account the advice of Kingsway, considered that the terms of the Agreements are fair and reasonable and are in the interest of the Shareholders and the Company as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Agreements and all the matters contemplated thereunder to be proposed at the EGM.

The Directors (including the independent non-executive Directors) believe that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Independent Shareholders and the Company as a whole and therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Agreements and all the matters contemplated thereunder to be proposed at the EGM. None of the Directors have any material interest in the Agreements and accordingly none of the Directors abstained from voting on the board resolutions considering the same.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Liu Xiaoguang
Chairman

首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

27 November 2014

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED ACQUISITIONS OF 45%INTEREST AND 50% INTEREST IN TWO EQUITY JOINT VENTURE COMPANIES

We refer to the circular of the Company dated 27 November 2014 of which this letter forms part (the "Circular"). Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors, we have been appointed by the Board as the Independent Board Committee to advise you as to whether the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and as to whether the Independent Shareholders should approve or disapprove the ordinary resolutions in relation to the Agreements and the transactions contemplated thereunder to be proposed at the EGM. Details of the Agreements are set out in the letter from the Board contained in the Circular of which this letter forms part.

We wish to draw your attention to the advice of Kingsway as the independent financial adviser to the Independent Board Committee in respect of the Agreements and the transactions contemplated thereunder as set out in the letter from Kingsway in the Circular.

Having considered the Agreements and the transactions contemplated thereunder and the advice and opinion of Kingsway in relation thereto, we are of the opinion that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Independent Shareholders and the Company as a whole. We therefore recommend that you vote in favour of the ordinary resolutions to be proposed at the EGM to approve, confirm and ratify the Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Li Zhaojie **Ng Yuk Keung** **Wang Hong**

Independent non-executive Directors

The following is the full text of a letter received from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions for inclusion in the Circular.

SUNWAH KINGSWAY
新華滙富

27 November 2014

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED ACQUISITIONS OF 45% INTEREST AND 50% INTEREST IN TWO EQUITY JOINT VENTURE COMPANIES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the Acquisitions, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 27 November 2014 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 4 November 2014, (i) Star Key, an indirect wholly-owned subsidiary of the Company, and Reco Ziyang, a connected person of the Company, entered into the Tianjin Equity Transfer Agreement whereby Star Key has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Tianjin Target Interest for a consideration of approximately RMB224.62 million, subject to the terms and conditions of the Tianjin Equity Transfer Agreement; and (ii) First Base, an indirect wholly-owned subsidiary of the Company and Reco Ziyang entered into the Chongqing Equity Transfer Agreement whereby First Base has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Chongqing Target Interest for a consideration of approximately RMB581.74 million, subject to the terms and conditions of the Chongqing Equity Transfer Agreement. Upon Completion, Reco Ziyang will cease to have any interest in the Tianjin Target Company and Chongqing Target Company and the Company will become the indirect sole owner of the Tianjin Target Company and Chongqing Target Company.

The Acquisitions, together with the Xian Acquisition, constitute: (i) a major transaction for the Company under Rule14.06(3) and Rule 14.22 of the Listing Rules as the applicable percentage ratios exceed 25% but are less than 100%, when aggregated, and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction for the Company as Reco Ziyang is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider and advise the Independent Shareholders in respect of the Acquisitions. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the Directors and the management of the Company, which the Directors consider to be complete, accurate and relevant. We have assumed that all the information, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate as at the date of the Circular. We have also assumed that all the statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us by the Company, the Directors and the management of the Company untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view. The Directors have confirmed that no material facts or representations have been withheld or omitted from the information provided and referred to in the Circular. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, Reco Ziyang or any of their associates. Notwithstanding the foregoing, we have formulated our opinion and recommendation with due skill and care and have made due inquiry before making such formulation.

The Independent Shareholders should note that, within the past two years up to the Latest Practicable Date, we, Kingsway, were engaged as an independent financial adviser by the Company for three occasions in relation to certain connected transactions. Two were detailed in the circular of the Company dated 28 February 2014 and 10 October 2014 and the engagement of another one was discontinued by mutual agreement between the Company and Kingsway in August 2014. Given (i) our independent role in those three engagements; and (ii) our fees for those three engagements represented an insignificant percentage of the revenue of our parent group, we consider those three engagements would not affect our independence to form our opinion in respect of the Acquisitions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, we have considered the following principal factors and reasons:

1. Background to and reasons for the Acquisitions

(i) Business strategy of the Group

The Group is a property developer in the PRC, focusing primarily on developing and investing in residential properties, outlets-backed integrated properties, commercial properties, operation of hotels, property consulting services and investment holding. Revenue of the Group for the year ended 31 December 2013 was approximately RMB11,320.8 million, representing an increase of 24% compared with the previous year. For the six months ended 30 June 2014, the revenue of the Group was approximately RMB4,519.3 million, down 8% year on year, while the net profit attributable to equity holders of the Group was approximately RMB661 million, up 18% year on year.

As stated in the interim report of the Company for the first half of 2014 (the "**2014 IR**") and further advised by the Company, the Group strategically focused on five core cities in 2014, two of which are Tianjin and Chongqing. During the first half of 2014, in view of the overall slowdown in property market, the Company based on its strategic positioning to focus on small-and medium-sized units with high turnover, while standardizing project design and development processes. It has been the Group's strategy to reinforce its leadership, foundation and strengths in the PRC and to reduce market risk of the property development projects imposed on the Group by developing selected property development projects with cooperative partners, such as the group of Reco Ziyang, and then acquiring the remaining equity interest from those cooperative partners at a later development stage when most of the income and expenses of those projects have been recognised, thus effectively helps to reduce the risk of such acquisition. After obtaining full control of those projects, the Group can seize the opportunity to realise its investment gain at its own discretion. The properties of Tianjin First City Project have been basically sold out. As confirmed by the Company, as to the Chongqing Hongensi Project, the two phases in it under construction are scheduled to be completed in phases between late 2014 and 2015 and the expenses to be incurred are almost fixed. Sales of Chongqing Hongensi Project have entered a later stage with cash inflow.

(ii) Business performance of the Tianjin Target Company

The sole project held by the Tianjin Target Company is the Tianjin First City Project which comprises garden houses, high-rise residential building and commercial property of which the construction has been completed. As at 30 June 2014, the sales rate (being total contracted area divided by total saleable area, taking into no account of value of certain completed property which was restricted for sale in the open market as at 30 September 2014) of the project was about 99%. According to the valuation of the property held by Tianjin Target Company as indicated in the valuation report of DTZ (the "**Valuation Report**"), the market value of the unsold portion of the Tianjin First City Project was RMB36.8 million as at 30 September 2014. And such valuation would be increased by RMB72.2 million had all the unsold properties in the Tianjin First City Project been freely assignable in the open market.

As stated in the accountant's report on Tianjin Target Company as set out in Appendix II of this circular, for the three years ended 31 December 2013, revenue of the Tianjin Target Company was approximately RMB1,224.7 million, RMB1,426.3 million and RMB9.3 million respectively. The revenue for the six months ended 30 June 2014 was approximately RMB0.9 million, representing a drop of around 81.2% from the six months ended 30 June 2013. The profit after tax of the Tianjin Target Company dropped by approximately 46.1% in 2012 compared to 2011, and further dropped by approximately 98.7% in 2013 compared to 2012. As advised by the Company, a majority portion of the property in the project was sold by 2012 and thus there was a substantial drop in revenue and profit in 2013 compared to 2012. In 2014, the revenue recognised was mainly attributable to the balance of payment received based on actual measurement of floor area of property sold.

As set out in the Letter from the Board and further advised by the Company, in view of (i) the valuation of the remaining property unsold in the Tianjin First City Project; and (ii) most of the revenue and expenses of the project have been recognised and thus the risk of the acquisition is minimised; (iii) the optimistic view of the Company about the property development industry in Tianjin, the Company intends to acquire the Tianjin Target Interest so as to obtain full control of the selling of the remaining property even though the sales rate of the project reached 99% as at 30 June 2014.

(iii) Business performance of the Chongqing Target Company

The sole project held by the Chongqing Target Company is the Chongqing Hongsensi Project which comprises garden houses, high-rise residential building, multi-storey buildings and commercial property. As at 31 August 2014, two phases of the project were completed and another two phases of it were under construction. The sales rate (being total contracted area divided by total saleable area) of the project reached around 70%. According to the Valuation Report, the market value of the unsold completed portion of the Chongqing Hongsensi Project was RMB466.0 million as at 30 September 2014. In addition, there was property under construction of which the market value at the existing state was RMB2,653.0 million as at 30 September 2014.

As stated in the accountant's report on Chongqing Target Company as set out in Appendix III of this circular, for the three years ended 31 December 2013, revenue of the Chongqing Target Company was approximately RMB nil, RMB940.9 million and RMB1,592.6 million respectively. Loss was recorded for 2011 while profit after tax of approximately RMB172.7 million and RMB269.6 million was recorded for 2012 and 2013 respectively. The revenue and profit after tax for the eight months ended 31 August 2014 was approximately RMB167.3 million and RMB27.1 million, representing a substantial drop from the revenue of approximately RMB1,384.7 million and profit after tax of approximately RMB216.6 million respectively for the same period in 2013. As advised by the Company, it is the sales strategy of the Chongqing Target Company to transfer the property presold by the end of 2014. Hence, although there was a drop in the revenue and profit after tax recognised in the first eight months in 2014 compared to 2013, a substantial amount of revenue is expected to recognise by the Chongqing Target Company by the end of 2014, i.e. after the Completion, when the presold properties are transferred.

As set out in the Letter from the Board and further advised by the Company, in view of (i) the valuation of the property unsold and under construction held by the Chongqing Target Company; (ii) a major portion of the property presold will be transferred by the end of 2014 and thus the relevant amount of revenue and profit will be recognised by the Group then; (iii) there is property unsold and under construction in the Chongqing Hongsensi Project; and (iv) the optimistic view of the Company about the property development industry in Chongqing, the Company intends to acquire the Chongqing Target Interest so as to obtain full control of the selling and/or construction of the remaining property even though the sales rate of the project reached 70% as at 31 August 2014.

(iv) Property development industry in the PRC, Tianjin and Chongqing

According to the National Bureau of Statistics of China, for the year 2013, the floor space of commercial property sold in the PRC and sales amount were approximately 1,306 million sq.m. and RMB8,143 billion, representing a year-on-year growth of 17.3% and 26.3% respectively compared to 2012. For the first nine months in 2014, the floor space of commercial property sold in the PRC and sales amount were approximately 771 million sq.m. and RMB4,923 billion, representing a drop by 8.6% and 8.9% respectively compared to the same period in 2013.

According to the Tianjin Real Estate Integrated Information Website (天津市房地產綜合信息網), for the year 2013, the floor space of commercial property sold in Tianjin and sales amount were approximately 1.2 million sq.m. and RMB13 billion, representing a year-on-year growth of 11% and 9% respectively compared to 2012. For the first nine months in 2014, the floor space of commercial property sold in Tianjin and sales amount were approximately 0.7 million sq.m. and RMB8.6 billion, representing a drop by 42% and 37% respectively compared to the same period in 2013. Nevertheless, the sales amount in September 2014 grew by 10% compared to August 2014. In addition, the average selling price of the commercial property in Tianjin sold grew by 9% for the first nine months in 2014 compared to the same period in 2013, and grew by 16% from August 2014 to September 2014.

According to the Chongqing Municipal Bureau of Statistics, for the year 2013, the floor space of commercial property sold in Chongqing and sales amount were approximately 48 million sq.m. and RMB268 billion, representing a year-on-year growth of 6.5% and 16.8% respectively compared to 2012. For the first nine months in 2014, the floor space of commercial property sold in Chongqing and sales amount were approximately 33 million sq.m. and RMB185 billion, representing a growth of 2.7% and 3.2% respectively compared to the same period in 2013.

Having considered of (i) the business strategy of the Group to increase its market presence in Tianjin and Chongqing; (ii) most of the income and expenses of the Tianjin First City Project and the Chongqing Hongsensi Project have been recognised, thus effectively helps to reduce the risk of the Acquisitions; (iii) the Group can seize the opportunity to realise capital gain from selling the remaining properties in the projects at its own discretion; (iv) there are project unsold and/or under construction in the Tianjin First City Project Chongqing Hongsensi Project; and (v) the prospect of the property development industry in Tianjin and Chongqing, we concur with the Directors' view and are of the view that, even though the sales rate of the Tianjin First City Project reached 99% as at 30 June 2014 and that of the Chongqing Hongsensi Project reached 70% as at 31 August 2014, the Acquisitions are in line with the business strategy of the Group, in the ordinary and usual course of business and in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Acquisitions

(i) Tianjin Equity Transfer Agreement

On 4 November 2014, Star Key and Reco Ziyang entered into the Tianjin Equity Transfer Agreement whereby Star Key has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Tianjin Target Interest.

Consideration and payment terms

The consideration payable for the Tianjin Acquisition shall be approximately RMB224.62 million which would be payable by Star Key on the Completion Date in cash.

Basis of consideration

As stated in the letter from the Board, the consideration for the Tianjin Acquisition was determined after arm's length negotiations among the parties taking into account of (i) the net asset value of the Tianjin Target Company attributable to Reco Ziyang of approximately RMB265.3 million as at 30 June 2014 (being 45% of RMB589.6 million), as adjusted by (ii) the valuation of the property held by Tianjin Target Company attributable to Reco Ziyang of approximately RMB16.6 million as at 30 September 2014 (being 45% of approximately RMB36.8 million) as indicated in the Valuation Report.

The Tianjin Target Company had net asset value of approximately RMB589.6 million as at 30 June 2014. The major asset of the Tianjin Target Company is the Tianjin First City Project. We noted from the Valuation Report that the market value of the property held for sale by the Tianjin Target Company was RMB36.8 million as at 30 September 2014 (taking into no account of value of the certain completed property which was restricted for sale in the open market as at 30 September 2014). Given the aforesaid market value and the amount of inventory of RMB108.5 million as at 30 June 2014 as represented by those properties in the accountant's report on the Tianjin Target Company (as set out in Appendix II of this circular), there will be a valuation deficit of RMB71.8 million. Sum of the net asset value of the Tianjin Target Company and the valuation deficit amounted to approximately RMB517.8 million, and of which 45%, being RMB233.0 million, will be attributable to the Tianjin Target Interest. Hence, the consideration payable by the Group represents a discount to the adjusted net asset value of the Tianjin Target Interest by approximately RMB8.4 million.

Further, according to the Valuation Report, had those completed properties in the Tianjin Target Company which were restricted for sale in the open market as at 30 September 2014 been freely assignable in the open market, the valuation of those properties held by the Tianjin Target Company would be increased by RMB72.2 million and the discount of consideration to the adjusted net asset value would be widened.

(ii) Chongqing Equity Transfer Agreement

On 4 November 2014, First Base and Reco Ziyang entered into the Chongqing Equity Transfer Agreement whereby First Base has conditionally agreed to purchase and Reco Ziyang has conditionally agreed to sell the Chongqing Target Interest.

Consideration and payment terms

The consideration payable for the Chongqing Acquisition shall be approximately RMB581.74 million which would be payable by First Base on the Completion Date in cash.

Basis of consideration

As stated in the letter from the Board, the consideration for the Chongqing Acquisition was determined after arm's length negotiations among the parties taking into account of (i) the net asset value of the Chongqing Target Company attributable to Reco Ziyang of approximately RMB350.8 million as at 31 August 2014 (being 50% of approximately RMB701.6 million), as adjusted by (ii) the aggregate valuation of the property unsold and under construction held by Chongqing Target Company attributable to Reco Ziyang of approximately RMB1,559.5 million as at 30 September 2014 (being 50% of approximately RMB3,119.0 million) as indicated in the Valuation Report; and (iii) the expect tax payable by the Chongqing Target Company of approximately RMB285.1 million as a result of the appreciation in property value.

The Chongqing Target Company had net asset value of approximately RMB701.6 million as at 31 August 2014. The major asset of the Chongqing Target Company is the Chongqing Hongensi Project, which comprises unsold property and property under construction.

As to the unsold completed property, we noted from the Valuation Report that the market value of it was RMB466.0 million as at 30 September 2014. Given the said market value and the amount of inventory of RMB338.6 million as at 31 August 2014 as represented by those properties in the accountant's report on the Chongqing Target Company (as set out in Appendix III of this circular), there will be a valuation surplus of RMB127.4 million.

As to the property under construction, we noted from the Valuation Report that the development value of it at the existing state was RMB2,653.0 million as at 30 September 2014. Given the said market value and amount of inventory as represented by those property in the financial statement of the Chongqing Target Company of RMB1,997.4 million as at 31 August 2014, there will be a valuation surplus of RMB655.6 million.

Sum of the net asset value of the Chongqing Target Company and the valuation surplus in aggregate, net of the expected tax payable by the Chongqing Target Company of approximately RMB285.1 million as a result of the appreciation in property value, amounted to approximately RMB1,199.6 million, and of which 50%, being approximately RMB599.8 million, will be attributable to the Chongqing Target Interest. Hence, the consideration payable by the Group represents a discount to the adjusted net asset value of the Chongqing Target Interest by approximately RMB18.0 million.

Further, according to the Valuation Report, the development value of the property under construction mentioned above when completed as at 30 September 2014 would be approximately RMB3,567.0 million while the additional construction cost to be incurred would be approximately RMB314.6 million. Thus, should the property be completed as at 30 September 2014, the discount of consideration to the adjusted net asset value would be widened.

We have discussed with DTZ and understood that they have valued the property at the existing state held by the Tianjin Target Company and the Chongqing Target Company by making reference to comparable sales evidence as available in the markets. We have interviewed DTZ and reviewed their terms of engagement and considered that their scope of work is appropriate to the opinion required and there is no limitation which might adversely affect their degree of assurance. We understood from DTZ that they are experienced property valuers and are third parties independent from the Company, Reco Ziyang and their respective connected persons. As stated in the Valuation Report, DTZ confirmed that they have carried out inspections, made relevant enquiries and obtained such further information as they consider necessary for the purpose of providing their opinion of values of the property held by the Tianjin Target Company and Chongqing Target Company as at 30 September 2014.

Given, as confirmed by the Company, the purpose of establishment of each of the Tianjin Target Company and the Chongqing Target Company is to develop a single property project only which is different from listed property development companies, comparable analysis among them is considered not appropriate.

Taking into account that (i) the consideration payable for the Acquisitions represents a discount to the adjusted net asset value attributable to the Tianjin Target Interest and Chongqing Target Interest in aggregate (considering the effect of the property valuation of the property held by the Tianjin Target Company and the Chongqing Target Company); (ii) the market value of the property held by the Tianjin Target Company and the Chongqing Target Company as valued by DTZ is the estimated amount for which such property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction based on direct comparison approach; and (iii) the consideration will be payable in cash by Star Key and First Base upon Completion, we are of the view that the basis of consideration and thus the consideration and the payment terms under the Acquisitions are fair and reasonable, on normal commercial terms, and in the interest of the Company and Shareholders as a whole.

3. Possible financial effects of the Acquisitions on the Group

Upon Completion, the Tianjin Target Company and Chongqing Target Company will become indirect wholly-owned subsidiaries of the Company and the result of which will continue to be consolidated into the Group's financial statements.

(a) Net asset value

As set out in Appendix V of this circular, the Group had net asset value of approximately RMB18,100.5 million as at 30 June 2014. The amount of consideration paid over the carrying value of the Tianjin Target Interest and the Chongqing Target Interest will be recognised as a deduction of capital surplus in the Group's consolidated owner's equity. Upon Completion, the net asset value will decrease by the aggregate amount of cash consideration of RMB806.36 million.

(b) Earnings

After the Acquisitions, results of the Tianjin Target Company and Chongqing Target Company will continue to be consolidated in the financial results of the Group and accounted for as indirect wholly-owned subsidiaries of the Company. As advised by the Company, they do not expect any material financial effects on the Group's earnings as a result of the Acquisitions.

(c) Working capital

The Group had cash at bank and on hand of approximately RMB11,673.5 million as at 30 June 2014. As set out in Appendix V of this circular, the working capital position of the Group will decrease by the aggregate amount of consideration of RMB806.36 million payable in cash as a result of the Acquisitions.

(d) Gearing ratio

According to the 2014 IR, the net gearing ratio of the Group as at 30 June 2014 was 77%, as calculated by the borrowings and debentures payable net of net cash and bank balances and then divided by total owners' equity. As advised by the Company, as a result of the Acquisitions both the net cash and bank balances and the total owners' equity will be reduced by the amount of cash consideration, thus the net gearing ratio of the Group will increase.

Taking into account that, (i) the Group will have full control of the operation of the Tianjin Target Company and the Chongqing Target Company and can seize the opportunity to realize the investment gain in the Tianjin First City Project and the Chongqing Hongensi Project at its own discretion; and (ii) the impact on net asset value, the working capital and gearing ratio of the Group is considered immaterial given the Group's strong asset base as at 30 June 2014, we concur with the Directors and are of the view that the expected decrease in net asset value and working capital of the Group and increase in net gearing ratio as a result of the Acquisitions are justifiable.

RECOMMENDATION

Taking into consideration the abovementioned principal factors, in particular,

(i) the business strategy of the Group to increase its market presence in Tianjin and Chongqing;

(ii) the Company will obtain full control of the selling and/or construction of the remaining property in the Tianjin First City Project and the Chongqing Hongsensi Project;

(iii) most of the income and expenses of the Tianjin First City Project and the Chongqing Hongsensi Project have been recognised or fixed and thus effectively helps to reduce the risk of the Acquisitions;

(iv) the prospect of the property development industry in Tianjin and Chongqing;

(v) the consideration for the Acquisitions represent a discount to the adjusted net asset value attributable to the Tianjin Target Interest and Chongqing Target Interest in aggregate (considering the effect of the property valuation of the property held by the Tianjin Target Company and the Chongqing Target Company); and

(vi) the expected decrease in the net asset value and working capital and increase in the net gearing ratio of the Group as a result of the Acquisitions are justifiable,

we consider that the Acquisitions are in line with the business strategy and in the ordinary and usual course of business of the Group, and the terms of the which are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Acquisitions at the EGM.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

Note: Mr. Chu Tat Hoi has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2004. He has participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 are disclosed in the annual reports and interim report of the Company for the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 respectively. Together with the relevant notes thereto are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.bjcapitalland.com.cn):

- The Annual Report 2011 of the Company for the 12 months ended 31 December 2011 published on 3 April 2012 (available on: http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0403/LTN20120403709.pdf)

- The Annual Report 2012 of the Company for the 12 months ended 31 December 2012 published on 14 March 2013 (available on: http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0314/LTN20130314408.pdf)

- The Annual Report 2013 of the Company for the 12 months ended 31 December 2013 published on 9 February 2014 (available on: http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0209/LTN20140209015.pdf)

- The Interim Report 2014 of the Company for the six months ended 30 June 2014 published on 22 August 2014 (available on: http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0822/LTN20140822314.pdf)

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had an aggregate outstanding borrowings of approximately RMB29,467,825,000 comprising:

(a) Outstanding bank borrowings of approximately RMB17,043,700,000 among which RMB5,444,811,000 were secured by hotel properties, plant, equipment and the land use rights, RMB9,194,800,000 were secured by certain relevant properties under development, RMB81,828,000 were secured by deposits, RMB1,512,261,000 were secured by bank deposits, RMB650,000,000 were secured by the equity of a subsidiary and RMB160,000,000 were secured by accounts receivable;

(b) Trust loans of approximately RMB350,000,000 which were secured by deposits and guaranteed by the Company;

(c) Other loans of approximately RMB650,000,000 which were secured by the land use rights and the equity of a subsidiary;

(c) Unsecured loan of approximately RMB6,174,125,000; and

(d) Corporate bonds of approximately RMB5,250,000,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 30 September 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that following Completion, after taking into account the financial resources available to the Enlarged Group, including internally generated funds and the available banking facilities, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS

The Directors are optimistic about the prospect of the real estate market in the PRC in the long and medium term. On the one hand, the PRC is still experiencing an acceleration of industrialization and urbanization in general and an increasing demand for real estate with no change in the basic condition of favorable environment for the overall industry. Domestic demand will play a significant role in the economy for a longer period in the future, and the demand for real estate, the most substantial part of domestic demand, will provide support to the growth of the industry in the long run.

On the other hand, under the stringent control on real estate, competition will become more intense. The industry has entered a stage of consolidation and differentiation in which a single property development project can no longer satisfy the growing demand for integration and diversification. Enterprises with ample capital will capture the opportunity of strategic expansion during the period of consolidation and differentiation. For the sake of increasing the Group's future earnings, the Group will maintain its characteristic of stable financial standing and continue to follow the business strategy of "focused development" to achieve leapfrog development by focusing on the three core business model of "Residence + Integrated Outlets Project", "Urban Core Complex" and "Residential Development".

Upon Completion, net profit attributable to the Company will be increased in the future as the Enlarged Group increased its equity in quality project in core cities; meanwhile, the overall capital utilization of the Company will be increased and the overall capital cost of the Company will be decreased which will strengthen the capability and advantages in accumulating quality resources amid the adjustment period in the industry. For the long term, the Directors consider that there will still be room for the real estate market in the PRC to grow, and the Enlarged Group, with solid financial position and ample capital, will lay a sound foundation for the sustainable development of Enlarged Group in the long run.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers Zhong Tian LLP, for the purpose of incorporation in this circular.

普华永道

27 November 2014

The Directors
Beijing Capital Land Ltd.

Dear Sirs,

We report on the financial information of Tianjin Banshan Renjia Real Estate Co., Ltd. (天津伴山人家置業有限公司, "Tianjin Target Company"), which comprises the balance sheets as at 31 December 2011, 2012 and 2013 and 30 June 2014, and the income statements, the statements of changes in equity and the cash flow statements for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Beijing Capital Land Ltd. (the "Company") and is set out in Section I below for inclusion in Appendix II to the circular of the Company dated 27 November 2014 (the "Circular") in connection with the proposed acquisition of 45% equity interest of Tianjin Target Company by the Company (the "Transaction").

Tianjin Target Company was incorporated in the People's Republic of China (the "PRC") on 18 January 2007 as a limited liability company under the Company Law of the PRC.

For the purpose of this Transaction, the directors of the Tianjin Target Company prepared the financial statements of Tianjin Target Company in accordance with the accounting policies adopted by the Company and the Basic Standard of Accounting Standards for Business Enterprises, specific accounting standards and relevant regulations issued on and after 15 February 2006 by the Ministry of Finance of the PRC (together, "CAS") for the Relevant Periods (the "Underlying Financial Statements"), which were audited by Hua-ander Certified Public Accountants in the PRC. The report of which was issued on 27 November 2014.

The directors of Tianjin Target Company during the Relevant Periods are responsible for the preparation and fair presentation of the financial statements of Tianjin Target Company in accordance with the CAS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The financial information has been prepared based on the audited Underlying Financial Statements with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with CAS and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the interim report of the Company for the period ended 30 June 2014.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of Tianjin Target Company as at 31 December 2011, 2012 and 2013 and 30 June 2014 and of Tianjin Target Company's results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Section I below included in Appendix II to the Circular which comprises the income statement, the statement of changes in equity and the cash flow statement for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section I below and the accounting policies adopted by the Group as set out in the interim report of the Company for the period ended ended 30 June 2014.

Our responsibility is to issue a report on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with China Standards on Review Engagements 2101, "Review of Financial Statements" issued by the Chinese Institute of Certified Public Accountants. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section I below.

I. FINANCIAL INFORMATION OF TIANJIN TARGET COMPANY

The financial information of Tianjin Target Company as at 31 December 2011, 2012 and 2013 and 30 June 2014, and for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 are prepared by the directors of the Company and presented as follows:

(A) BALANCE SHEETS

(All amounts in RMB'000 unless otherwise stated.)

Assets	*Note*	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Current assets					
Cash at bank and on hand	*I.4(1)*	20,828	38,191	248,795	227,888
Other receivables	*I.4(2)*	1,088,908	1,150,738	1,121,180	1,144,638
Advances to suppliers	*I.4(3)*	–	–	–	7,228
Inventories	*I.4(4)*	108,515	109,042	116,809	649,352
Other current assets	*I.4(5)*	8,205	8,165	8,122	92,040
Total current assets		1,226,456	1,306,136	1,494,906	2,121,146
Non-current assets					
Fixed assets	*I.4(6)*	42	122	289	408
Deferred tax assets	*I.4(7)*	6,816	13,040	13,786	7,375
Intangible assets		–	3	14	24
Total non-current assets		6,858	13,165	14,089	7,807
Total asset		1,233,314	1,319,301	1,508,995	2,128,953
Current liabilities					
Accounts payable	*I.4(8)*	61,874	134,035	275,098	143,313
Advances from customers	*I.4(9)*	672	682	4,121	787,627
Employee benefits payable		–	–	5,969	4,484
Taxes payable	*I.4(10)*	9,577	57,277	63,247	128,539
Dividends payable	*I.4(11)*	550,847	386,625	386,625	86,563
Other payables	*I.4(12)*	20,783	1,790	2,280	33,198
Current portion of non-current liabilities	*I.4(13)*	–	–	35,000	50,000
Total current liabilities		643,753	580,409	772,340	1,233,724

	Note	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Non-current liabilities					
Long-term borrowings	*I.4(14)*	–	–	–	35,000
Total non-current liabilities		–	–	–	35,000
Total liabilities		643,753	580,409	772,340	1,268,724
Owners' equity					
Paid-in capital		499,152	499,152	499,152	499,152
Surplus reserve	*I.4(15)*	72,671	72,671	72,447	54,108
Retained earnings	*I.4(16)*	17,738	167,069	165,056	306,969
Total owners' equity		589,561	738,892	736,655	860,229
Total liabilities and owners' equity		1,233,314	1,319,301	1,508,995	2,128,953

(B) INCOME STATEMENTS

(All amounts in RMB'000 unless otherwise stated.)

Item	Note	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Revenue		875	4,645	9,338	1,426,307	1,224,706
Less: Cost of sales	*I.4(17)(19)*	(527)	(3,366)	(6,181)	(1,050,053)	(633,677)
Taxes and surcharges	*I.4(18)*	24,596	(435)	(875)	(119,378)	(117,220)
Selling and distribution expenses	*I.4(19)*	(132)	(946)	(3,469)	(22,396)	(21,577)
General and administrative expenses	*I.4(19)*	(64)	(199)	(248)	(6,237)	(6,645)
Financial income	*I.4(20)*	147	4,189	4,395	16,284	7,713
Operating profit		24,895	3,888	2,960	244,527	453,300
Add: Non-operating income		–	23	23	–	–
Total profit		24,895	3,911	2,983	244,527	453,300
Less: Income tax expenses	*I.4(21)*	(6,224)	(978)	(746)	(61,132)	(113,325)
Net profit		18,671	2,933	2,237	183,395	339,975
Other comprehensive income		–	–	–	–	–
Total comprehensive income		18,671	2,933	2,237	183,395	339,975

(C) CASH FLOW STATEMENTS

(All amounts in RMB'000 unless otherwise stated.)

Item	Note	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Cash flow from operating activities						
Cash received from sales of goods or rendering of services		865	2,672	5,899	642,800	983,239
Cash received relating to other operating activities	*I.4(22)(c)*	156	2,411	344	1,271	32,466
Sub-total of cash inflows		1,021	5,083	6,243	644,071	1,015,705
Cash paid for goods and services		(72,108)	(120,780)	(138,873)	(438,683)	(451,871)
Cash paid to and on behalf of employees		–	(1,986)	(3,884)	(16,307)	(13,482)
Payments of taxes and surcharges		(20,070)	(2,644)	(8,748)	(101,797)	(177,473)
Cash paid relating to other operating activities	*I.4(22)(d)*	(1,299)	(1,761)	(4,922)	(46,352)	(21,111)
Sub-total of cash outflows		(93,477)	(127,171)	(156,427)	(603,139)	(663,937)
Net cash flows from operating activities	*I.4(22)(a)*	(92,456)	(122,088)	(150,184)	40,932	351,768
Cash flows from investing activities						
Cash received relating to other investing activities	*I.5(3)(a)*	62,000	332,092	332,092	628,607	–
Sub-total of cash inflows		62,000	332,092	332,092	628,607	–
Cash paid to acquire fixed assets, intangible assets and other long-term assets	*I.4(6)*	–	–	–	(43)	(498)
Cash paid relating to other investing activities	*I.5(3)(b)*	–	(377,860)	(356,860)	(590,000)	(838,000)
Sub-total of cash outflows		–	(377,860)	(356,860)	(590,043)	(838,498)
Net cash flows from investing activities		62,000	(45,768)	(24,768)	38,564	(838,498)

Item	Note	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from financing activities						
Cash received from capital contributions		–	–	–	–	89,387
Cash received from borrowings		–	–	–	–	85,000
Cash received from other financing activities	*I.5(3)(c)*	20,000	–	–	–	–
Sub-total of cash inflows		20,000	–	–	–	174,387
Cash repayments of borrowings		–	(35,000)	(35,000)	(50,000)	–
Cash paid relating to other financing activities		(6,907)	(652)	(652)	(8,589)	(91,578)
Sub-total of cash outflows		(6,907)	(35,652)	(35,652)	(58,589)	(91,578)
Net cash flows from financing activities		13,093	(35,652)	(35,652)	(58,589)	82,809
Effect of foreign exchange rate changes on cash		–	–	–	–	–
Net (decrease)/increase in cash	*I.4(22)(b)*	(17,363)	(203,508)	(210,604)	20,907	(403,921)
Add: Cash at beginning of period/year		38,191	248,795	248,795	227,888	631,809
Cash at end of period/year		20,828	45,287	38,191	248,795	227,888

(D) STATEMENT OF CHANGES IN OWNERS' EQUITY

(All amounts in RMB'000 unless otherwise stated.)

Item	*Note*	Paid-in capital	Surplus reserve	Retained earnings	Total owners' equity
Balance at 1 January 2011		409,765	20,110	992	430,867
Movement for the year ended 31 December 2011		89,387	33,998	305,977	429,362
Net profit		–	–	339,975	339,975
The owner's capital input and reduction of capital		89,387	–	–	89,387
Profit distribution, including:		–	33,998	(33,998)	–
Appropriation to surplus reserves	*I.4(15)*	–	33,998	(33,998)	–
Profit distribution to equity owners	*I.4(16)*	–	–	–	–
Balance at 31 December 2011		499,152	54,108	306,969	860,229
Balance at 1 January 2012		499,152	54,108	306,969	860,229
Movement for the year ended 31 December 2012		–	18,339	(141,913)	(123,574)
Net profit		–	–	183,395	183,395
Profit distribution, including:		–	18,339	(325,308)	(306,969)
Appropriation to surplus reserves	*I.4(15)*	–	18,339	(18,339)	–
Profit distribution to equity owners	*I.4(16)*	–	–	(306,969)	(306,969)
Balance at 31 December 2012		499,152	72,447	165,056	736,655
Balance at 1 January 2013		499,152	72,447	165,056	736,655
Movement for the year ended 31 December 2013		–	224	2,013	2,237
Net profit		–	–	2,237	2,237
Profit distribution, including:		–	224	(224)	–
Appropriation to surplus reserves	*I.4(15)*	–	224	(224)	–
Profit distribution to equity owners	*I.4(16)*	–	–	–	–
Balance at 31 December 2013		499,152	72,671	167,069	738,892

Item	*Note*	Paid-in capital	Surplus reserve	Retained earnings	Total owners' equity
Balance at 1 January 2014		499,152	72,671	167,069	738,892
Movements for the Six months ended 30 June 2014		–	–	(149,331)	(149,331)
Net profit		–	–	18,671	18,671
Profit distribution, including:		–	–	(168,002)	(168,002)
Appropriation to surplus reserves	*I.4(15)*	–	–	–	–
Profit distribution to equity owners	*I.4(16)*	–	–	(168,002)	(168,002)
Balance at 30 June 2014		499,152	72,671	17,738	589,561
Balance at 1 January 2013		499,152	72,447	165,056	736,655
Movements for the Six months ended 30 June 2013		–	–	2,933	2,933
Net profit (Unaudited)		–	–	2,933	2,933
Balance at 30 June 2013 (Unaudited)		499,152	72,447	167,989	739,588

(All amounts in RMB'000 unless otherwise stated.)

1 General information

Tianjin Banshan Renjia Real Estate Co., Ltd. (hereinafter "Tianjin Target Company") is a limited liability company, incorporated by Tianjin Zhongtai Investment co., Ltd. (hereinafter "Tianjin Zhongtai") and Tianjin Teda construction group co., Ltd. (hereinafter "Tianjin Teda") in Tianjin, the PRC on 18 January 2007. The registered capital of Tianjin Target Company is RMB10,000,000, among which Tianjin Zhongtai investment co., Ltd. invested RMB500,000 and Tianjin Teda invested RMB9,500,000, and the approved operating period is 10 years.

In March 2007, Tianjin Zhongtai disposed of its 5% interest of Tianjin Target Company to Beijing Capital Land Ltd. (hereinafter "Beijing Capital Land" or the "Company"). After the transaction, Tianjin Teda and Beijing Capital Land hold 95% and 5% interest of Tianjin Target Company respectively.

On 11 April 2007, the registered capital of Tianjin Target Company was increased from RMB10,000,000 to RMB63,330,000. The increased registered capital is subscribed by Beijing Capital Land. After the injection, Beijing Capital Land and Tianjin Teda hold 85% and 15% interest of Tianjin Target Company respectively.

On 3 April 2008, Tianjin Teda disposed 15% interest of Tianjin Target Company to Beijing Capital Land. After the transaction, Beijing Capital Land hold 100% interest of Tianjin Target Company.

On 19 August 2008, Beijing Capital Land disposed 45% interest of Tianjin Target Company to Singapore Ziyang Investment Co., Ltd. (hereinafter "Reco Ziyang"). After the transaction, Beijing Capital Land and Reco Ziyang hold 55% and 45% interest of Tianjin Target Company respectively

On 21 January 2009, the registered capital of Tianjin Target Company increased from RMB63,330,000 to USD60,000,000. Beijing Capital Land and Reco Ziyang injected their capital according to their proportion of interest in Tianjin Target Company.

On 20 January 2011, the registered capital of Tianjin Target Company increased from USD60,000,000 to USD74,000,000. Beijing Capital Land and Reco Ziyang injected their capital according to their proportion of interest in Tianjin Target Company.

On 18 October 2011, Beijing Capital Land disposed of all the 55% interest of Tianjin Target Company to Chengdu Huawei Zhiyu Investment Management Ltd. (hereinafter "Huawei Investment"), which is ultimately 100% owned by Beijing Capital Land.

Tianjin Target Company is principally engaged in land and property development, property leasing and sales, and property management in the area of The First International City project. Tianjin Target Company's main business during the Relevant Periods are land and property development.

Beijing Capital Land is the ultimate holding company of Tianjin Target Company in the Relevant Periods.

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The financial statements of Tianjin Target Company have been prepared in accordance with the Basic Standard of Accounting Standards for Business Enterprises, specific accounting standards and relevant regulations issued on and after 15 February 2006 by the Ministry of Finance (together, "CAS").

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of Tianjin Target Company for year 2011, 2012, 2013 and the six months ended 30 June 2014 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position as of 31 December 2011, 2012 and 2013 and 30 June 2014 and the financial performance, cash flows and other information for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

(3) Financial year

The financial year covers from 1 January to 31 December.

(4) Recording currency

The recording currency is Renminbi (RMB).

(5) Cash

Cash comprises cash on hand and deposits that can be readily drawn on demand.

(6) Financial instruments

(a) Financial assets

Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on Tianjin Target Company's intention and ability to hold the financial assets. The financial assets of Tianjin Target Company are receivables.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that Tianjin Target Company will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is established at the difference between the carrying amount of that receivable and the present value of its estimated future cash flows.

Receivables with amounts that are not individually significant and the receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of Tianjin Target Company mainly comprise other financial liabilities, including payables and borrowings.

Payables include accounts payable and other payables, are recognised initially at fair value and recorded at amortised cost using effective interest rate in subsequent measurement.

Borrowings are initially recognised at fair value, net of transaction expenses and recorded at amortised cost using effective interest rate in subsequent measurement.

Other financial liabilities with repayment period within 1 year (including 1 year) are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year from balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(7) Inventories

(a) Classification

Inventories include properties under development and properties held for sale, presented at the lower of cost and net realisable value.

(b) Measurement of inventories

Inventories are initially recognised at the actual costs. The costs of properties under development and properties held for sale comprise land cost, construction cost, capitalised borrowing costs, and other direct and indirect fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale at the actual costs. For land use rights that are developed for subsequent sales, the cost paid for land use rights are classified and accounted for as part of the costs of properties.

Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are recorded by each cost items, the cost paid for land use rights are classified and accounted for as part of properties under development.

(c) Measurement of net realisable value and provisions of inventories

Provisions are determined at the excess amount of the carrying value of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(8) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of real estate projects that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of the asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For borrowings that are specified for acquisition and construction of real estate projects and that are qualified for capitalisation, the capitalisation amount is measured as current actual interests of the specified borrowings net of interest revenue earned from unused borrowings deposited at bank or investment income earned from temporary investment activities with unused borrowings.

For general borrowings that occupied by the acquisition and for construction of real estate projects qualified accumulated, the capitalization amount should be the weighted average exceeds of accumulated capital expenditures for capitalization over the amount of specialized borrowings multiplied by the weighted average effective interest rate. The effective interest rate is the rate used to discount the future cash flows of the borrowings to the initial measurement of the borrowings.

(9) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

(a) Short-term employee benefits

Tianjin Target Company recognises short-term employee benefits as liabilities and losses (or assets) during the period employees render service to the company. Non-monetary benefits are measured in accordance with fair value.

(b) Basic social pension security

Employees of Tianjin Target Company participate in the defined basic pension plan set up and administered by the government authorities. Basic pensions are provided monthly according to stipulated proportions and bases, which are paid to local labour and social security institutions. After retirement of employees, local labour and social security institutions will pay related pensions to employees accordingly. Tianjin Target Company recognises these employee benefits as liabilities and losses (or assets) during the period employees render service to the company.

(10) Profit distribution

Proposed profit distribution is recognised as a liability in the period in which it is approved by Board of Shareholders.

(11) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Tianjin Target Company's activities. Revenue is shown net of rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to Tianjin Target Company, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of Tianjin Target Company's activities as described below:

(a) Sales of goods

Revenue of sale of properties held for sale is recognised when all the following conditions have been satisfied:

- properties are completed and accepted after check;
- a legally binding sales contract has been signed in proper manner and form;
- all the significant risks and rewards of ownership of the properties held for sale have been transferred to the buyer;
- Tianjin Target Company does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the sold properties and meet the other criteria required when recognising revenue mentioned above.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(12) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

(13) Segment information

Tianjin Target Company identifies operating segments based on the internal organisation, management requirements and internal reporting system, and the reportable segments is determined based on the operating segments.

An operating segment is a component of Tianjin Target Company that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its operation activities; (2) whose operating results are regularly reviewed by the company's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the company. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Tianjin Target Company has only one single operating segment during the reporting period, and thus no segment information is prepared.

(14) Critical accounting estimates and judgements

Tianjin Target Company continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as following:

(i) Property development cost

Critical estimates and judgements on budget cost and development progress are required in determining property development cost. The budget cost and development progress of the project is reviewed by Tianjin Target Company on a regular basis and adjusted as appropriate. Should the actual cost differs from the budget cost, such difference will impact the accuracy of cost of properties held for sale.

(ii) Taxes

Tianjin Target Company is subject to various taxes in the PRC. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required in determining the provision for land appreciation tax ("LAT") and other taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

(b) Critical judgements on application of accounting policy – revenue recognition

According to the accounting policy stated in Note I.2(13), the assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer point of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

3 Taxation

The types and rates of taxes applicable to Tianjin Target Company are set out below:

Type	**Tax rate**	**Taxable base**
Enterprise income tax	25%	Taxable income
Business tax	5%	Taxable turnover amount
Land appreciation tax	30%–60%	Taxable value added amount through sales of properties
City maintenance and construction tax	7%	Business tax payable
Educational surcharge	3%	Business tax payable
Local educational surcharge	2%	Business tax payable

4 Notes to the financial statements

(1) Cash at bank and on hand

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Cash on hand	8	8	18	19
Bank deposits	20,820	38,183	248,777	227,869
Total	20,828	38,191	248,795	227,888

(2) Other receivables

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Amounts due from related parties *(Note I.5(4)(a))*	1,082,949	1,144,949	1,116,089	1,141,089
Others	5,959	5,789	5,091	3,549
Total	1,088,908	1,150,738	1,121,180	1,144,638
Less: provisions for bad debts	–	–	–	–
Net	1,088,908	1,150,738	1,121,180	1,144,638

(i) As at 31 December 2012, Tianjin Target Company provided RMB310,000,000 to Beijing Capital Land's subsidiary Beijing Shangboya Investment consultant Co., Ltd. ("Shangboya"). The interest rate of the loan is 7.87%, unsecured and unguaranteed, the principal is due for repayment in nine months. The amount has been repaid in 2013.

The other amounts due from related parties are interest free, unsecured and unguaranteed, and have no fixed maturity date.

The analysis of other receivables and related provisions for bad debts are as follows:

30 June 2014	Amount	% of total balance	Provision	% of the provision
Within 1 year	28,573	3%	–	–
1 to 2 years	1,059,379	97%	–	–
2 to 3 years	–	0%	–	–
Over 3 years	956	0%	–	–
Total	1,088,908	100%	–	–

31 December 2013	Amount	% of total balance	Provision	% of the provision
Within 1 year	1,146,345	100%	–	–
1 to 2 years	3,437	0%	–	–
2 to 3 years	–	0%	–	–
Over 3 years	956	0%	–	–
Total	1,150,738	100%	–	–

31 December 2012	Amount	% of total balance	Provision	% of the provision
Within 1 year	1,118,675	100%	–	–
1 to 2 years	1,549	0%	–	–
2 to 3 years	956	0%	–	–
Over 3 years	–	0%	–	–
Total	1,121,180	100%	–	–

31 December 2011	Amount	% of total balance	Provision	% of the provision
Within 1 year	1,143,682	100%	–	–
1 to 2 years	956	0%	–	–
2 to 3 years	–	0%	–	–
Over 3 years	–	0%	–	–
Total	1,144,638	100%	–	–

(3) *Advances to suppliers*

The advances to suppliers are analysis as follows:

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Sales commission to a related party *(Note I.5(4)(d))*	–	–	–	7,228
Others	–	–	–	–
Total	–	–	–	7,228

The ageing analysis of the advances to suppliers is as follows:

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Within 1 year	–	–	–	7,228

(4) *Inventories*

(a) Inventories are classified as follows:

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Cost–				
Properties under development	–	–	6,382	524,208
Properties held for sale	108,515	109,042	110,427	125,144
Subtotal	108,515	109,042	116,809	649,352
Less: provisions for inventories	–	–	–	–
Net	108,515	109,042	116,809	649,352

(b) The movement of the book balance of inventories is as follows:

	31 December 2013	Current period additions	Current period deductions	30 June 2014
Properties under development	–	–	–	–
Properties held for sale	109,042	–	(527)	108,515
Total	109,042	–	(527)	108,515

	31 December 2012	Current period additions	Current period deductions	31 December 2013
Properties under development	6,382	4,585	(10,967)	–
Properties held for sale	110,427	10,967	(12,352)	109,042
Total	116,809	15,552	(23,319)	109,042

	31 December 2011	Current period additions	Current period deductions	31 December 2012
Properties under development	524,208	517,510	(1,035,336)	6,382
Properties held for sale	125,144	1,035,336	(1,050,053)	110,427
Total	649,352	1,552,846	(2,085,389)	116,809

	31 December 2010	Current period additions	Current period deductions	31 December 2011
Properties under development	750,858	508,184	(734,834)	524,208
Properties held for sale	23,987	734,834	(633,677)	125,144
Total	774,845	1,243,018	(1,368,511)	649,352

(c) No provision for impairment of inventory has been recognised since the net realisable value of inventory is higher than its carrying amount.

For six months ended 30 June 2014, the properties held for sale with the carrying amount of RMB527,000 (for the six months ended 30 June 2013: RMB3,366,000, 2013: RMB6,181,000, 2012: RMB1,050,053,000, 2011: RMB633,677,000) have been recognised as cost of sales (Note I.4(17)).

As at 30 June 2014, no financed costs is capitalised in the properties under development.(for the year ended 31 December 2013: nil, 31 December 2012: nil, 31 December 2011: RMB2,540,000). For the six months ended 30 June 2014, the weighted average capitalisation rate is nil (for the six months ended 30 June 2013: nil, 2013: nil, 2012: 7.73%, 2011: 6.84%).

As at 30 June 2014, no properties under development (31 December 2013: Nil, 31 December 2012: nil, 31 December 2011: 165,696,000) has been pledged as security for borrowings (for the year ended 31 December 2013: nil, 31 December 2012: nil, 31 December 2011: RMB50,000,000) (Note I.4(14)).

The location and ageing analysis of land use rights are as follows:

	30 June 2014	**31 December 2013**	**31 December 2012**	**31 December 2011**
In Mainland China–				
10-50 years	3,007	3,007	3,007	3,007
Over 50 years	5,987	6,048	6,762	214,755
Total	8,994	9,055	9,769	217,762

(5) Other current assets

	30 June 2014	**31 December 2013**	**31 December 2012**	**31 December 2011**
Prepaid taxes	8,205	8,165	8,122	92,040

(6) Fixed assets

	Office equipment
Cost	
1st January 2011	246
Additions	466
31 December 2011	712
Additions	43
31 December 2012	755
Additions	–
31 December 2013	755
Additions	–
30 June 2014	755
Accumulated depreciation	
1st January 2011	219
Depreciation	85
31 December 2011	304
Depreciation	162
31 December 2012	466
Depreciation	167
31 December 2013	633
Depreciation	80
30 June 2014	713

	Office equipment
Provision for impairment	
1st January 2011	–
Increase in current year	–
31 December 2011	–
Increase in current year	–
31 December 2012	–
Increase in current year	–
31 December 2013	–
Increase in current period	–
30 June 2014	–
Net book value	
31 December 2011	408
31 December 2012	289
31 December 2013	122
30 June 2014	42

For the six months ended 30 June 2014, the amount of depreciation expenses charged in general and administrative expenses amounted to RMB80,000 (2013: RMB167,000, 2012: RMB162,000, 2011: RMB85,000, charged in properties under development).

(7) Deferred tax assets

	30 June 2014		31 December 2013	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Accrued costs	6,816	27,272	13,040	52,160
Amount of reversal within 1 year (including 1 year)	6,816	27,272	13,040	52,160

	31 December 2012		31 December 2011	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Accrued costs	13,786	55,145	7,375	29,500
Amount of reversal within 1 year (including 1 year)	13,786	55,145	7,375	29,500

(8) Accounts payable

The aging analysis of accounts payable is as follows:

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Within 1 year	281	319	199,640	143,313
Over 1 year	61,593	133,716	75,458	–
Total	61,874	134,035	275,098	143,313

(9) Advances from customers

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Advances from sales of properties	672	682	4,121	787,627

Advances from customers are amounts received from customers for properties sold, but the relevant revenue have not met the recognition criteria.

(10) Taxes payable

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Enterprise income tax payable	–	–	–	68,617
Land appreciation tax payable	5,797	50,370	55,224	52,253
Business tax payable	–	–	874	3,174
Withholding income tax payable	3,780	6,907	6,907	4,050
Others	–	–	242	445
Total	9,577	57,277	63,247	128,539

(11) Dividend payable

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Beijing Capital Land	49,837	49,837	49,837	49,837
Huawei Investment	261,234	168,833	168,833	–
Reco Ziyang	239,776	167,955	167,955	36,726
Total	550,847	386,625	386,625	86,563

(12) Other payables

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Amounts due to related parties *(Note I.5(4)(b))(i)*	20,000	–	–	426
Accounts payables for daily operations	–	–	–	30,000
Collection of deeds and maintenance funds on behalf of government	3	3	126	1,990
Deposits received for tendering	195	285	735	775
Refundment for area alteration	576	1,495	1,382	–
Others	9	7	37	7
Total	20,783	1,790	2,280	33,198

(i) Above amounts due to related parties are interest free and unsecured without fixed repayment term.

(13) Current portion of non-current liabilities

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Long-term borrowings due within one year	–	–	35,000	50,000

Long-term borrowings due within one year of Tianjin Target Company is disclosed in Note I.4(14).

(14) Long-term borrowings

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Secured *(a)*	–	–	–	50,000
Guaranteed *(b)*	–	–	35,000	35,000
Subtotal	–	–	35,000	85,000
Less: Long-term borrowings due within one year	–	–	35,000	50,000
Net	–	–	–	35,000

(a) Secured

There is no secured loan as at 30 June 2014, 31 December 2013 and 31 December 2012.

As at 31 December 2011, secured loan of RMB50,000,000 was secured by land use rights and buildings in properties under development of Tianjin Target Company (Note I.4(4)). Interests are payable every month. Tianjin Target Company repay the principal in advance in 2012, therefore, such amount was classified as long-term borrowings due within one year.

(b) Guaranteed

There is no guaranteed loan as at 30 June 2014 and 31 December 2013.

As at 31 December 2011 and 31 December 2012 guaranteed loan of RMB35,000,000 was guaranteed by Beijing Capital Land. According to the original loan contract, the amount was due to repaid in 2012. Interests are payable quarterly. As at 31 December 2012, Tianjin Target Company and Beijing Capital Land entered into a loan extension agreement which set the repayment day at 27 April 2013. Therefore, such amount was classified as long-term borrowings due within one year.

(15) Surplus reserve

	Statutory surplus reserve
31 December 2010	20,110
Additions	33,998
31 December 2011	54,108
Additions	18,339
31 December 2012	72,447
Additions	224
31 December 2013	72,671
30 June 2014	72,671

In accordance with the Company Law of the PRC, and Tianjin Target Company's Articles of Association and resolution of Board of Directors, Tianjin Target Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the Paid-in Capital after approval from the appropriate authorities. No surplus reserve was appropriated for the six months ended 30 June 2014 (for the year ended 31 December 2013: RMB224,000, 2012: RMB18,339,000, 2011: RMB33,998,000).

Tianjin Target Company appropriates for the discretionary surplus reserve after the approvals form the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. Tianjin Target Company did not appropriate discretionary surplus reserve for the six months ended 30 June 2014 (for the year ended 31 December 2013, 2012 and 2011: nil).

(16) Profit distribution

In accordance with the resolution at the Board of Directors' meeting dated on 30 June 2014, Tianjin Target Company declared a cash dividend of RMB168,002,000 to the shareholders, with an amount of RMB92,401,000 declared to Huawei Investment and RMB75,601,000 to Reco Ziyang.

No dividends was declared in 2013.

In accordance with the resolution at the Board of Directors' meeting dated on 28 February 2012, Tianjin Target Company declared a cash dividend of RMB306,969,000 to the shareholders, with an amount of RMB168,833,000 declared to Huawei Investment and RMB138,136,000 to Reco Ziyang.

No dividends was declared in 2011.

(17) Revenue and cost of sales

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Revenue – sales of properties	875	4,645	9,338	1,426,307	1,224,706

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Cost of sales – sales of properties	527	3,366	6,181	1,050,053	633,677

(18) Taxes and surcharges

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Business tax	(25)	232	467	71,384	61,235
Land appreciation tax	(24,568)	173	347	39,373	53,025
Others	(3)	30	61	8,621	2,960
Total	(24,596)	435	875	119,378	117,220

According to LAT clearance report (No. 074) issued by Tianjin Xinyuan CTA firm, the LAT payable in Year 2014 for "The First International City" project developed by Tianjin Target Company was RMB24,568,000. The amount is the difference between LAT payable of the overall project and the estimated amounts booked in previous years. Tianjin Target Company booked RMB24,568,000 in the profit and loss accounts of year 2014 accordingly.

(19) Expenses classified by nature

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Wages, social security and welfare	1	3	6	7,052	12,741
Marketing expenses	90	756	3,178	6,454	6,794
Sales commission fee	10	49	99	14,861	13,472
Capitalised interest	2	15	28	5,249	2,529
Land use rights	148	845	1,579	258,613	180,501
Construction related cost	376	2,503	4,568	785,141	444,310
Depreciation charge	80	–	–	–	–
Other	16	340	440	1,316	1,552
Total	723	4,511	9,898	1,078,686	661,899

(20) Financial income

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Interest expenses	–	652	652	4,539	2,191
Including: Bank loans	–	652	652	4,539	2,191
Less: amount capitalised	–	(652)	(652)	(4,539)	(2,191)
Interest expenses-net	–	–	–	–	–
Interest income	(155)	(4,200)	(4,413)	(16,420)	(7,877)
Others	8	11	18	136	164
Net	(147)	(4,189)	(4,395)	(16,284)	(7,713)

(21) Income tax expenses

	Six months ended 30 June 2014	Six months ended 30June 2013 (Unaudited)	2013	2012	2011
Current income tax	–	–	–	67,543	120,700
Deferred income tax	6,224	978	746	(6,411)	(7,375)
Total	6,224	978	746	61,132	113,325

The reconciliation from income tax calculated based on the applicable tax rates and total profit/loss presented in the financial statements to the income tax expenses is listed below:

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Total profit	24,895	3,911	2,983	244,527	453,300
Income tax expenses calculated at applicable tax rates (25%)	6,224	978	746	61,132	113,325
Income tax expenses	6,224	978	746	61,132	113,325

(22) Notes to cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Net profit	18,671	2,933	2,237	183,395	339,975
Add: Depreciation of fixed assets *(Note I.4(6))*	80	84	167	162	85
Financial income	–	(4,092)	(4,092)	(13,607)	–
Decrease/(increase) in deferred tax assets *(Note I.4(7))*	6,224	13,786	746	(6,411)	(7,375)
Decrease in inventories	527	5,258	8,418	537,082	127,684
(Increase)/decrease in operating receivables	(208)	(1,728)	11,660	77,226	(7,276)
Decrease in operating payables	(117,750)	(138,329)	(169,320)	(736,915)	(101,325)
Net cash flows from operating activities	(92,456)	(122,088)	(150,184)	40,932	351,768

(b) Net (decrease)/increase in cash

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Cash at end of period/year	20,828	45,287	38,191	248,795	227,888
Less: Cash at the beginning of period/year	(38,191)	(248,795)	(248,795)	(227,888)	(631,809)
Net (decrease)/increase in cash	(17,363)	(203,508)	(210,604)	20,907	(403,921)

(c) Cash received related to other operating activities

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Proceeds from third-parties	–	–	–	–	30,000
Collection of deeds and maintenance funds on behalf of government	–	35	35	187	552
Collection of guarantee for tendering	–	–	–	980	1,680
Others	156	2,376	309	104	234
Total	156	2,411	344	1,271	32,466

(d) Cash paid related to other operating activities

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Payments to third-parties	–	–	–	30,000	–
Payments of deeds and maintenance funds on behalf of government	–	158	158	610	802
Payment of guarantee for tendering	120	300	450	1,120	1,900
Marketing expenses	90	756	3,178	6,454	6,794
Sales commission fee	10	49	99	7,633	11,555
Others	1,079	498	1,037	535	60
Total	1,299	1,761	4,922	46,352	21,111

5 Related parties and related party transactions

(1) The parent company

(a) General information of the parent company

During the Relevant Periods, Tianjin Target Company's parent company were Beijing Capital Land and then Huawei Investment, whose registered place and business nature are listed below:

	Place of registration	Nature of business
Beijing Capital Land	Beijing, PRC	Real estate investment and management
Huawei Investment	Chengdu, PRC	Investment management

Beijing Capital Land is the ultimate holding company of Tianjin Target Company during the Relevant Periods.

(b) Registered capital and changes in registered capital of the parent company

The registered capital of Beijing Capital Land has been RMB2,027,960,000 from 1 January 2011 to 30 June 2014 with no changes.

The registered capital of Huawei Investment has been RMB10,000,000 from 1 March 2011 to 30 June 2014.

(c) The proportions of equity interest and voting rights in Tianjin Target Company held by the parent company

	30 June 2014		31 December 2013		31 December 2012		31 December 2011	
	Equity interest	Voting rights	Equity interest	Voting rights	Equity interest	Voting rights	Equity interest	Share holding
	%	%	%	%	%	%	%	%
Huawei Investment	55	55	55	55	55	55	55	55

(2) Nature of related parties that do not control or are not controlled by the Tianjin Target Company

Name of related entities	Relationship with Tianjin Target Company
Reco Ziyang	Foreign shareholder
Tianjin Capital Xingang Real Estate Development Co., Ltd. ("Tianjin Xingang")	Subsidiary of Beijing Capital Land
Shouchuang(Tianjin)Real Estate Management Ltd. ("Tianjin Management")	Subsidiary of Beijing Capital Land
Beijing Sun Shine City Real Estate Development Co., Ltd. ("Sun Shine City")	Subsidiary of Beijing Capital Land
Tianjin Capital Xinyuan Real Estate Development Co., Ltd. ("Tianjin Xinyuan")	Subsidiary of Beijing Capital Land
Shangboya	Subsidiary of Beijing Capital Land
Xi'an Capital Xinkai Real Estate Development Co., Ltd. ("Xi'an Xinkai")	Associate of Beijing Capital Land
Beijing GoldenNet Property Investment Adviser ("GoldenNet")	Associate of Beijing Capital Land
Tianjin Capital Xinqing Real Estate Development Co., Ltd. ("Tianjin Xinqing")	Associate of Beijing Capital Land

(3) Related party transactions

The Board of Tianjin Target Company considers all transactions with related parties are on normal commercial terms, price of related party transaction is agreed by Tianjin Target Company and its related parties.

(a) Recover loans and interests from related parties

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Shangboya	–	314,092	314,092	13,607	–
Sun Shine City	–	–	–	578,000	–
Tianjin Xingang	62,000	–	–	–	–
Tianjin Xinyuan	–	18,000	18,000	37,000	–
Total	62,000	332,092	332,092	628,607	–

(b) Provide loans to related parties

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Sun Shine City	–	–	–	–	578,000
Tianjin Xingang	–	377,860	356,860	280,000	205,000
Tianjin Xinyuan	–	–	–	–	55,000
Shangboya	–	–	–	310,000	–
Total	–	377,860	356,860	590,000	838,000

(c) Receive loans from related parties

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Tianjin Xinyuan	20,000	–	–	–	–

(d) Interest income from related parties

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Shangboya	–	4,092	4,092	13,607	–

The loan interest rate is 7.87% with a loan period of nine months, without any mortgage and guarantee.

(e) Receive services from related parties

	Six months ended 30 June 2014	Six months ended 30 June 2013 (Unaudited)	2013	2012	2011
Technical Consulting service from Beijing Capital Land	–	–	–	4,061	3,020
Human resource service from Beijing Capital Land	–	–	1,470	1,470	1,632
Sales agent service from GoldenNet	10	49	99	14,861	13,472
Total	10	49	1,569	20,392	18,124

Beijing Capital Land provides technical services, consulting services and human resources services for Tianjin Target Company. The service fee was determined base on the qualities of services provided, which was charged according to the completion percentage of the service.

GoldenNet is entrusted by Tianjin Target Company as exclusive sales agent of certain projects. The commission fee was charged by the sales amount and the agreed commission rate.

(f) Remuneration of directors

The directors of Tianjin Target Company from January 2011 to April 2014 were Hu Weimin（胡衛民）, Sun Jianjun（孫建軍）, and Li Yu（李鈺）; from May 2014 to 30 June 2014 were Hu Weimin（胡衛民）, Sun Jianjun（孫建軍）, Li Yu（李鈺）, Wang Wei（王維）, and Cao Yue（曹越）.

The directors work at shareholder's companies, and their remuneration are not undertaken by Tianjin Target Company.

(4) Related party balances

(a) Other receivables

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Sunshine City	–	–	–	578,000
Tianjin Xingang	1,082,949	1,144,949	788,089	508,089
Tianjin Xinyuan	–	–	18,000	55,000
Shangboya	–	–	310,000	–
Total	1,082,949	1,144,949	1,116,089	1,141,089

(b) Other payables

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Beijing Capital Land	–	–	–	426
Tianjin Xinyuan	20,000	–	–	–
Total	20,000	–	–	426

(c) Dividends payable

Dividends payable of Tianjin Target Company is stated in Note I.4(11).

(d) Advances to suppliers

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
GoldenNet	–	–	–	7,228

6 Commitments

(1) Commitments for properties

Expenditures contracted for properties under development at balance sheet date are as follows:

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Contracted but not paid	8,616	–	44,340	33,882
Authorised but not contracted	21,337	29,600	111,994	340,165
Total	29,953	29,600	156,334	374,047

7 Financial instruments and risk

Tianjin Target Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. Tianjin Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

(1) Market risk

(a) Foreign exchange risk

The majority of Tianjin Target Company's business is operated in Mainland China and used Renminbi (RMB) as settlement currency. Tianjin Target Company has no assets denominated in foreign currency, thus it is exposed to no significant foreign exchange risk.

(b) Interest rate risk

Tianjin Target Company's interest rate risk arises from interest bearing borrowings. Financial liabilities issued at floating rates expose Tianjin Target Company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose Tianjin Target Company to fair value interest rate risk. Tianjin Target Company determines the contracts proportions of fixed rate and floating rate depending on the market conditions. As at 30 June 2014, no financial liabilities was issued at floating rates (for the year ended 31 December 2013: Nil, 31 December 2012: RMB35,000,000, 31 December 2011: RMB85,000,000).

The management of Tianjin Target Company continuously monitors the interest rates. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to Tianjin Target Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on Tianjin Target Company's financial results. The management makes adjustments timely with reference to the latest market conditions.

As at 30 June 2014, if interest rates on the floating rate borrowings increased/decreased 50 basis points while all other variables had been held constant, Tianjin Target Company's interest expenses of bank borrowings would have increased/decreased by approximately nil (for the year ended 31 December 2013: Nil, 31 December 2012: RMB175,000, 31 December 2011, RMB425,000).

(2) Credit risk

Credit risk is managed by portfolio classification. Credit risk mainly arises from cash at bank (Note I.4(1)), other receivables (Note I.4 (2)).

Tianjin Target Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listing banks. Tianjin Target Company does not expect that there will be any significant losses arise from non-performance by these counterparties.

In addition, other receivables are mainly other receivables from related parties. Tianjin Target Company carries out regular review and follow-up action on any overdue amounts to minimize exposures to credit risk.

(3) Liquidity risk

Cash flow forecasting is performed by the management of Tianjin Target Company. The finance departments monitor rolling forecasts of the short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that it does not breach borrowing limits or covenants on any of borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial assets and liabilities of Tianjin Target Company at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	20,828	–	–	–	20,828
Receivables	1,088,908	–	–	–	1,088,908
Total	1,109,736	–	–	–	1,109,736

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	38,191	–	–	–	38,191
Receivables	1,150,738	–	–	–	1,150,738
Total	1,188,929	–	–	–	1,188,929

	31 December 2012				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	248,795	–	–	–	248,795
Receivables	1,121,180	–	–	–	1,121,180
Total	1,369,975	–	–	–	1,369,975

	31 December 2011				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	227,888	–	–	–	227,888
Receivables	1,144,638	–	–	–	1,144,638
Total	1,372,526	–	–	–	1,372,526

	30 June 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Payables	633,504	–	–	–	633,504

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Payables	521,068	–	–	–	521,068

	31 December 2012				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Payables	664,163	–	–	–	664,163
Current portion of non-current liabilities	35,819	–	–	–	35,819
Total	699,982	–	–	–	699,982

	31 December 2011				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities –					
Payables	263,074	–	–	–	263,074
Current portion of non-current liabilities	52,128	–	–	–	52,128
Long-term borrowings	2,706	35,819	–	–	38,525
Total	317,908	35,819	–	–	353,727

8 Fair value estimates

Financial assets and liabilities measured at amortized cost mainly include receivables, payables, long-term borrowings.

The carrying amount of all financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

9 Capital management

Tianjin Target Company's objectives when managing capital are to safeguard Tianjin Target Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Tianjin Target Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, Tianjin Target Company monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by net capital. Net debt is calculated as total borrowings (including "Short-term borrowings", "Long-term borrowings" and "Notes payable" as shown in the balance sheet) less Cash at bank and on hand. Net capital is 'equity' as shown in the balance sheet.

As at 30 June 2014, Tianjin Target Company's strategy was to maintain the net gearing ratio within 80%. The net gearing ratios at 30 June 2014, 31 December 2013, 31 December 2012 and 31 December 2011 are as follows:

	30 June 2014	**31 December 2013**	**31 December 2012**	**31 December 2011**
Total borrowings, including				
Long-term borrowings due within one year	–	–	35,000	50,000
Long-term borrowings	–	–	–	35,000
Less: Cash at bank and on hand	(20,828)	(38,191)	(248,795)	(227,888)
Net borrowings	(20,828)	(38,191)	(213,795)	(142,888)
Owners' equity	589,561	738,892	736,655	860,229
Net gearing ratio	NA	NA	NA	NA

10 Net current assets

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Current assets	1,226,456	1,306,136	1,494,906	2,121,146
Less: current liabilities	(643,753)	(580,409)	(772,340)	(1,233,724)
Net current assets	582,703	725,727	722,566	887,422

11 Total assets less current liabilities

	30 June 2014	31 December 2013	31 December 2012	31 December 2011
Total assets	1,233,314	1,319,301	1,508,995	2,128,953
Less: current liabilities	(643,753)	(580,409)	(772,340)	(1,233,724)
Total assets less current liabilities	589,561	738,892	736,655	895,229

II. EVENTS AFTER THE BALANCE SHEET DATE

As at the reporting date, Tianjin Target Company has no financial statements audited for the period after 30 June 2014. Tianjin Target Company has not announced any dividend nor distribution after 30 June 2014.

Yours faithfully,

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

27 November 2014

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers Zhong Tian LLP, for the purpose of incorporation in this circular.

pwc

普华永道

27 November 2014

The Directors
Beijing Capital Land Ltd.

Dear Sirs,

We report on the financial information of Chongqing Xinshi Real Estate Development Co., Ltd. (重慶首創新石置業有限公司, "Chongqing Target Company"), which comprises the balance sheets as at 31 December 2011, 2012 and 2013 and 31 August 2014, and the income statements, the statements of changes in equity and the cash flow statements for each of the years ended 31 December 2011, 2012 and 2013 and the eight months ended 31 August 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Beijing Capital Land Ltd. (the "Company") and is set out in Section I below for inclusion in Appendix III to the circular of the Company dated 27 November 2014 (the "Circular") in connection with the proposed acquisition of 50% equity interest of Chongqing Target Company by the Company (the "Transaction").

Chongqing Target Company was incorporated in the People's Republic of China (the "PRC") on 23 April 2008 as a limited liability company under the Company Law of the PRC.

For the purpose of this Transaction, the directors of the Chongqing Target Company prepared the financial statements of Chongqing Target Company, in accordance with the accounting policies adopted by the Company and the Basic Standards of Accounting Standards for Business Enterprises, specific accounting standards and relevant regulations issued on and after 15 February 2006 by the Ministry of Finance of the PRC (together, "CAS"), for the Relevant Periods (the "Underlying Financial Statements"), which were audited by Hua-ander Certified Public Accountants in the PRC. The report of which was issued on 27 November 2014.

The directors of Chongqing Target Company during the Relevant Periods are responsible for the preparation and fair presentation of the financial statements of Chongqing Target Company in accordance with the CAS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The financial information has been prepared based on the audited Underlying Financial Statements with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with CAS and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the interim report of the Company for the period ended ended 30 June 2014.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of Chongqing Target Company as at 31 December 2011, 2012 and 2013 and 31 August 2014 and of Chongqing Target Company's results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Section I below included in Appendix III to the Circular which comprises the income statement, the statement of changes in equity and the cash flow statement for the six months ended 31 August 2013 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section I below and the accounting policies adopted by the Group as set out in the interim report of the Company for the period ended ended 30 June 2014.

Our responsibility is to issue a report on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with China Standards on Review Engagements 2101, "Review of Financial Statements" issued by the Chinese Institute of Certified Public Accountants. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section I below.

I. FINANCIAL INFORMATION OF CHONGQING TARGET COMPANY

The financial information of Chongqing Target Company as at 31 December 2011, 2012 and 2013 and 31 August 2014, and for each of the years ended 31 December 2011, 2012 and 2013 and the eight months ended 31 August 2013 and 2014 are prepared by the directors of the Company presented as follows:

(A) BALANCE SHEETS

(All amounts in RMB'000 Yuan unless otherwise stated.)

Assets	*Note*	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Current assets					
Cash at bank and on hand	*I.4(1)*	342,730	181,137	358,689	215,678
Other receivables	*I.4(2)*	870,813	755,951	614,873	9,170
Advances to suppliers	*I.4(3)*	10,589	7,658	11,238	11,386
Inventories	*I.4(4)*	2,335,941	2,018,857	2,328,011	2,166,046
Other current assets	*I.4(5)*	163,790	115,387	114,855	102,253
Total current assets		3,723,863	3,078,990	3,427,666	2,504,533
Non-current assets					
Fixed assets	*I.4(6)*	493	599	873	704
Deferred tax assets	*I.4(7)*	22,258	5,153	–	5,176
Total non-current assets		22,751	5,752	873	5,880
Total assets		3,746,614	3,084,742	3,428,539	2,510,413
Liabilities and owners' equity					
Current liabilities					
Notes payable	*I.4(8)*	33,708	–	–	–
Accounts payable	*I.4(9)*	548,410	524,239	358,625	187,298
Advances from customers	*I.4(10)*	1,457,888	889,044	1,318,920	1,170,144
Employee benefits payable		–	6,442	7,207	4,119
Taxes payable	*I.4(11)*	112,483	96,145	33,135	20,817
Interest payable		6,147	–	–	628
Dividends payable	*I.4(12)*	381,900	–	–	–
Other payables	*I.4(13)*	15,966	14,842	11,012	108,186
Current portion of non-current liabilities	*I.4(14)*	218,500	477,500	182,700	70,000
Total current liabilities		2,775,002	2,008,212	1,911,599	1,561,192

	Note	**31 August 2014**	**31 December 2013**	**31 December 2012**	**31 December 2011**
Non-current liabilities					
Long-term borrowings	*I.4(15)*	270,000	–	710,000	315,000
Total non-current liabilities		270,000	–	710,000	315,000
Total liabilities		3,045,002	2,008,212	2,621,599	1,876,192
Owners' equity					
Paid-in capital	*I.1*	654,923	654,923	654,923	654,923
Surplus reserve	*I.4(16)*	44,869	42,161	15,202	–
Retained earnings/(Accumulated loss)	*I.4(17)*	1,820	379,446	136,815	(20,702)
Total owners' equity		701,612	1,076,530	806,940	634,221
Total liabilities and owners' equity		3,746,614	3,084,742	3,428,539	2,510,413

(B) INCOME STATEMENTS

(All amounts in RMB'000 Yuan unless otherwise stated.)

Item	Note	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Revenue	*I.4.(18)*	167,255	1,384,677	1,592,554	940,947	–
Less: Cost of sales	*I.4(18)(20)*	(108,412)	(1,003,550)	(1,117,286)	(641,399)	–
Taxes and surcharges	*I.4(19)*	(9,366)	(77,540)	(89,176)	(50,488)	–
Selling and distribution expenses	*I.4(20)*	(15,131)	(23,993)	(34,447)	(28,967)	(16,960)
General and administrative expenses	*I.4(20)*	(1,374)	(439)	(3,369)	(4,685)	(2,864)
Financial income	*I.4(21)*	546	4,467	5,157	14,824	3,439
Operating profit		33,518	283,622	353,433	230,232	(16,385)
Add: Non-operating income	*I.4(22)*	2,591	6,020	6,020	60	144
Total profit	*I.4(23)*	36,109	289,642	359,453	230,292	(16,241)
Less: Income tax expenses		(9,027)	(73,046)	(89,863)	(57,573)	4,060
Net profit		27,082	216,596	269,590	172,719	(12,181)
Other comprehensive income		–	–	–	–	–
Total comprehensive income/(loss)		27,082	216,596	269,590	172,719	(12,181)

(C) CASH FLOW STATEMENTS

(All amounts in RMB'000 Yuan unless otherwise stated.)

Item	*Note*	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Cash flow from operating activities						
Cash received from sales of goods or rendering of services		711,248	773,359	1,172,120	1,080,281	719,779
Cash received relating to other operating activities	*I.4(24)(d)*	7,008	9,975	14,160	4,681	13,218
Sub-total of cash inflows		718,256	783,334	1,186,280	1,084,962	732,997
Cash paid for goods and services		(365,925)	(413,241)	(566,220)	(561,956)	(424,547)
Cash paid to and on behalf of employees		(12,180)	(11,159)	(23,514)	(17,417)	(11,232)
Payments of taxes and surcharges		(88,950)	(89,799)	(124,596)	(107,042)	(73,018)
Cash paid relating to other operating activities	*I.4(24)(e)*	(21,006)	(18,507)	(33,241)	(34,478)	(29,456)
Sub-total of cash outflows		(488,061)	(532,706)	(747,571)	(720,893)	(538,253)
Net cash flows from operating activities	*I.4(24)(a)*	230,195	250,628	438,709	364,069	194,744
Cash flows from investing activities						
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22	–	–	–	–
Cash received relating to other investing activities	*I.5(3)(a)*	–	303,960	303,960	13,168	–
Sub-total of cash inflows		22	303,960	303,960	13,168	–
Cash paid to acquire fixed assets, intangible assets and other long-term assets	*I.4(6)*	(118)	(23)	(41)	(546)	(84)
Cash paid relating to other investing activities	*I.5(3)(b)*	(115,000)	(357,280)	(442,280)	(606,000)	–
Sub-total of cash outflows		(115,118)	(357,303)	(442,321)	(606,546)	(84)
Net cash flows from investing activities		(115,096)	(53,343)	(138,361)	(593,378)	(84)

Item	Note	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from financing activities						
Cash received from borrowings		300,000	–	–	885,000	45,000
Sub-total of cash inflows		300,000	–	–	885,000	45,000
Cash repayments of borrowings		(289,000)	(299,200)	(415,200)	(377,300)	(60,000)
Cash repayments for interest expenses and distribution of dividends or profits		(23,065)	(35,394)	(53,258)	(49,663)	(25,181)
Cash paid relating to other financing activities	*I.5(3)(c)*	–	–	–	(95,159)	(711,001)
Sub-total of cash outflows		(312,065)	(334,594)	(468,458)	(522,122)	(796,182)
Net cash flows from financing activities		(12,065)	(334,594)	(468,458)	362,878	(751,182)
Effect of foreign exchange rate changes on cash		–	–	–	–	–
Net increase/(decrease) in cash	*I.4(24)(b)*	103,034	(137,309)	(168,110)	133,569	(556,522)
Add: Cash at beginning of period/year end		181,137	349,247	349,247	215,678	772,200
Cash at end of period/year end	*I.4(24)(b)*	284,171	211,938	181,137	349,247	215,678

(D) STATEMENTS OF CHANGES IN OWNERS' EQUITY

(All amounts in RMB'000 Yuan unless otherwise stated.)

Item	*Note*	Paid-in capital	Surplus reserve	(Accumulated loss)/Retained earnings	Total owners' equity
Balance at 1 January 2011		654,923	–	(8,521)	646,402
Movement for the year ended 31 December 2011		–	–	(12,181)	(12,181)
Net profit		–	–	(12,181)	(12,181)
Balance at 31 December 2011		654,923	–	(20,702)	634,221
Balance at 1 January 2012		654,923	–	(20,702)	634,221
Movement for the year ended 31 December 2012		–	15,202	157,517	172,719
Net profit		–	–	172,719	172,719
Profit distribution, including:					
Appropriation of surplus reserve	*I.4(16)*	–	15,202	(15,202)	–
Balance at 31 December 2012		654,923	15,202	136,815	806,940
Balance at 1 January 2013		654,923	15,202	136,815	806,940
Movement for the year ended 31 December 2013		–	26,959	242,631	269,590
Net profit		–	–	269,590	269,590
Profit distribution, including:					
Appropriation of surplus reserves	*I.4(16)*	–	26,959	(26,959)	–
Balance at 31 December 2013		654,923	42,161	379,446	1,076,530

Item	*Note*	Paid-in capital	Surplus reserve	(Accumulated loss)/Retained earnings	Total owners' equity
Balance at 1 January 2014		654,923	42,161	379,446	1,076,530
Movements for the eight months ended 31 August 2014		–	2,708	(377,626)	(374,918)
Net profit		–	–	27,082	27,082
Profit distribution, including:					
Appropriation to surplus reserves	*I.4(16)*	–	2,708	(2,708)	–
Profit distribution to equity owners	*I.4(17)*	–	–	(402,000)	(402,000)
Balance at 31 August 2014		654,923	44,869	1,820	701,612
Balance at 1 January 2013		654,923	15,202	136,815	806,940
Movements for the eight months ended 31 August 2013		–	–	216,596	216,596
Net profit (Unaudited)		–	–	216,596	216,596
Balance at 31 August 2013 (Unaudited)		654,923	15,202	353,411	1,023,536

(All amounts in RMB'000 Yuan unless otherwise stated.)

1 General information

Chongqing Target Company Real Estate Development Co., Ltd. (hereinafter "Chongqing Target Company") is a sino-foreign investment enterprise incorporated by Beijing Capital Land Ltd. (hereinafter "Beijing Capital Land" or the "Company") and Reco Ziyang Pte Ltd (hereinafter "Reco Ziyang") in Chongqing, the PRC, on 23 April 2008. The registered capital of Chongqing Target Company is USD95,000,000, and the approved operating period is 20 years. Beijing Capital Land and Reco Ziyang hold 50% interest of Chongqing Target Company respectively.

On 31 May, 2010,Chongqing Target Company revise its Article of Association of Chongqing Target Company. According to the revised Article of Association, Beijing Capital Land can make significant financial and operating decisions without the agreement of Reco Ziyang, and obtained the control right of Chongqing Target Company, which became a subsidiary of Beijing Capital Land.

On 20 May 2011, 50% interest of Chongqing Target Company held by Beijing Capital Land was transferred to Shenyang Yujing Investment Management Co.,Ltd., which is a 100%-owned subsidiary of Beijing Capital Land (hereinafter "Shenyang Yujing").

On 16 September 2011, Shenyang Yujing disposed its 50% interest of Chongqing Target Company to First Base Properties Limited (hereinafter "First Base"), which is a 100%-owned subsidiary of Beijing Capital Land.

Chongqing Target Company is principally engaged in land and property development, property leasing and sales, and property management in the area of Chongqing Hong'en International Living District project. Chongqing Target Company's main business during the Relevant Periods are land and property development.

Beijing Capital Land is the ultimate holding company of Chongqing Target Company in the Relevant Periods.

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The financial statements of Chongqing Target Company have been prepared in accordance with the Basic Standard of Accounting Standards for Business Enterprises, specific accounting standards and relevant regulations issued on and after 15 February 2006 by the Ministry of Finance (together, "CAS").

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of Chongqing Target Company for year 2011, 2012, 2013 and the eight months ended 31 August 2014 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position as of 31 December 2011, 2012 and 2013 and 31 August 2014 and the financial performance, cash flows and other information for the years ended 31 December 2011, 2012 and 2013 and the eight months ended 31 August 2014.

(3) Financial year

The financial year covers from 1 January to 31 December.

(4) Recording currency

The recording currency is Renminbi (RMB).

(5) Cash

Cash comprises cash on hand and deposits that can be readily drawn on demand.

(6) Financial instruments

(a) Financial assets

Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on Chongqing Target Company's intention and ability to hold the financial assets. The financial assets of Chongqing Target Company are receivables.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that Chongqing Target Company will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is established at the difference between the carrying amount of that receivable and the present value of its estimated future cash flows.

Receivables with amounts that are not individually significant and the receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of Chongqing Target Company mainly comprise other financial liabilities, including payables and borrowings.

Payables include accounts payable and other payables, are recognised initially at fair value and recorded at amortised cost using effective interest rate in subsequent measurement.

Borrowings are initially recognised at fair value, net of transaction expenses and recorded at amortised cost using effective interest rate in subsequent measurement.

Other financial liabilities with repayment period within 1 year (including 1 year) are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year from balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(7) Inventories

(a) Classification

Inventories include properties under development and properties held for sale, presented at the lower of cost and net realisable value.

(b) Measurement of inventories

Inventories are initially recognised at the actual costs. The costs of properties under development and properties held for sale comprise land cost, construction cost, capitalised borrowing costs, and other direct and indirect fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale at the actual costs. For land use rights that are developed for subsequent sales, the cost paid for land use rights are classified and accounted for as part of the costs of properties.

Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are recorded by each cost items, the cost paid for land use rights are classified and accounted for as part of properties under development.

(c) Measurement of net realisable value and provisions of inventories

Provisions are determined at the excess amount of the carrying value of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(8) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of real estate projects that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of the asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For borrowings that are specified for acquisition and construction of real estate projects and that are qualified for capitalisation, the capitalisation amount is measured as current actual interests of the specified borrowings net of interest revenue earned from unused borrowings deposited at bank or investment income earned from temporary investment activities with unused borrowings.

For general borrowings that occupied by the acquisition and for construction of real estate projects qualified accumulated, the capitalization amount should be the weighted average exceeds of accumulated capital expenditures for capitalization over the amount of specialized borrowings multiplied by the weighted average effective interest rate. The effective interest rate is the rate used to discount the future cash flows of the borrowings to the initial measurement of the borrowings.

(9) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

Short-term employee benefits

Chongqing Target Company recognises short-term employee benefits as liabilities and losses (or assets) during the period employees render service to the company. Non-monetary benefits are measured in accordance with fair value.

Basic social pension security

Employees of Chongqing Target Company participate in the defined basic pension plan set up and administered by the government authorities. Basic pensions are provided monthly according to stipulated proportions and bases, which are paid to local labour and social security institutions. After retirement of employees, local labour and social security institutions will pay related pensions to employees accordingly. Chongqing Target Company recognises these employee benefits as liabilities and losses (or assets) during the period employees render service to the company.

(10) Profit distribution

Proposed profit distribution is recognised as a liability in the period in which it is approved by Board of Shareholders.

(11) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Chongqing Target Company's activities. Revenue is shown net of rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to Chongqing Target Company, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of Chongqing Target Company's activities as described below:

(a) Sales of goods

Revenue of sale of properties held for sale is recognised when all the following conditions have been satisfied:

- properties are completed and accepted after check;
- a legally binding sales contract has been signed in proper manner and form;
- all the significant risks and rewards of ownership of the properties held for sale have been transferred to the buyer;
- Chongqing Target Company does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the sold properties and meet the other criteria required when recognising revenue mentioned above.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(12) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to Chongqing Target Company at nil consideration, including taxes returns and financial subsidies, etc.

Grants from government are recognised as revenue where there is a reasonable assurance that the grant will be received and Chonqing Target Company will comply with all attached conditions. Monetary assets of the government grants are measured as the amount received or receivable. Non-monetary assets of the government grants are measured as fair value or notional value if the fair value cannot be obtained reliably.

Government grants related to assets are recognised as deferred revenue and will be amortised on a straight-line basis in current profit or loss over the useful life of the related asset. Government grants recognised at notional value are directly recognised in profit or loss for the current period.

Government grants related to income, which are used to the compensate expense or losses in subsequent periods, are recognised as deferred revenue, and realised in profit or loss for the period such expenses or losses occurred; the ones which are to compensate expenses or losses occurred in previous periods are directly recognised in profit or loss for the current period.

(13) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

(14) Segment information

Chongqing Target Company identifies operating segments based on the internal organisation, management requirements and internal reporting system, and the reportable segments is determined based on the operating segments.

An operating segment is a component of Chongqing Target Company that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its operation activities; (2) whose operating results are regularly reviewed by the company's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the company. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Chongqing Target Company has only one single operating segment during the reporting period, and thus no segment information is prepared.

(15) Critical accounting estimates and judgements

Chongqing Target Company continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are mainly about property development cost.

Critical estimates and judgements on budget cost and development progress are required in determining property development cost. The budget cost and development progress of the project is reviewed by Chongqing Target Company on a regular basis and adjusted as appropriate. Should the actual cost differs from the budget cost, such difference will impact the accuracy of cost of properties held for sale.

(b) Critical judgements on application of accounting policy – revenue recognition

According to the accounting policy stated in note I.2(11), the assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer point of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in Note I.7, Chongqing Target Company provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the company's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. Chongqing Target Company believes that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

3 Taxation

The types and rates of taxes applicable to Chongqing Target Company are set out below:

Type	Tax rate	Taxable base
Enterprise income tax	25%	Taxable income
Business tax	5%	Taxable turnover amount
Land appreciation tax	30% – 60%	Taxable value added amount through sales of properties
City maintenance and construction tax	7%	Business tax payable
Educational surcharge	3%	Business tax payable
Local educational surcharge	2%	Business tax payable

4 Notes to the financial statements

(1) Cash at bank and on hand

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Cash on hand	57	28	69	82
Bank deposits	342,673	181,109	358,620	215,596
Total	342,730	181,137	358,689	215,678

As at 31 August 2014, bank deposits for supervised advance from customers amounted to RMB24,851,000 (31 December 2013: Nil, 31 December 2012: RMB9,442,000 and 31 December 2011: Nil) and security deposit for bank acceptance bill amounted to RMB33,708,000 (31 December 2013: Nil, 31 December 2012: Nil and 31 December 2011: Nil).

(2) Other receivables

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Amounts due from related parties *(i)* *(Note I.5(4)(a))*	863,380	748,380	606,200	–
Deposits	7,259	7,465	7,477	8,365
Others	174	106	1,196	805
Total	870,813	755,951	614,873	9,170
Less: provisions for bad debts	–	–	–	–
Net	870,813	755,951	614,873	9,170

(i) As at 31 December 2012, the loan to Beijing Shangboya Investment Consultant Co., Ltd. (hereinafter "Shangboya") amounting to RMB300,000,000 is with interest rate of 7.87% and a loan period of nine months, without any mortgage and guarantee. The amount has been repaid in 2013.

The other amounts due from other related parties are free of interest, unsecured, unguaranteed, and with no fixed maturity date.

The analysis of other receivables and related provisions for bad debts are as follows:

31 August 2014	Amount	% of total balance	Provision	% of the provision
		%		%
Within 1 year	205,243	24	–	–
1 to 2 years	352,280	40	–	–
2 to 3 years	313,290	36	–	–
Total	870,813	100	–	–

31 December 2013	Amount	% of total balance	Provision	% of the provision
		%		%
Within 1 year	442,280	59	–	–
1 to 2 years	313,565	41	–	–
2 to 3 years	106	–	–	–
Total	755,951	100	–	–

31 December 2012	Amount	% of total balance	Provision	% of the provision
		%		%
Within 1 year	610,080	99	–	–
1 to 2 years	4,449	1	–	–
2 to 3 years	344	–	–	–
Total	614,873	100	–	–

31 December 2011	Amount	% of total balance	Provision	% of the provision
		%		%
Within 1 year	4,738	52	–	–
1 to 2 years	4,432	48	–	–
2 to 3 years	–	–	–	–
Total	9,170	100	–	–

(3) *Advances to suppliers*

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Sales commission to a related party *(Note I.5(4)(c))*	10,589	7,658	11,238	11,386

	31 August 2014		31 December 2013		31 December 2012		31 December 2011	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Within 1 year	10,589	100	7,658	100	10,202	91	7,693	68
Over 1 year	–	–	–	–	1,036	9	3,693	32
Total	10,589	100	7,658	100	11,238	100	11,386	100

(4) *Inventories*

(a) Inventories are classified as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Cost–				
Properties under development	1,997,377	1,551,881	2,240,265	2,166,046
Properties held for sale	338,564	466,976	87,746	–
Subtotal	2,335,941	2,018,857	2,328,011	2,166,046
Less: provisions for inventories	–	–	–	–
Net	2,335,941	2,018,857	2,328,011	2,166,046

(b) The movement of the book balance of inventories is as follows:

	31 December 2013	Current period additions	Current period deductions	31 August 2014
Properties under development	1,551,881	445,496	–	1,997,377
Properties held for sale	466,976	–	(128,412)	338,564
Total	2,018,857	445,496	(128,412)	2,335,941

	31 December 2012	Current period additions	Current period deductions	31 December 2013
Properties under development	2,240,265	808,132	(1,496,516)	1,551,881
Properties held for sale	87,746	1,496,516	(1,117,286)	466,976
Total	2,328,011	2,304,648	(2,613,802)	2,018,857

	31 December 2011	Current period additions	Current period deductions	31 December 2012
Properties under development	2,166,046	803,364	(729,145)	2,240,265
Properties held for sale	–	729,145	(641,399)	87,746
Total	2,166,046	1,532,509	(1,370,544)	2,328,011

	31 December 2010	Current period additions	Current period deductions	31 December 2011
Properties under development	1,527,964	638,082	–	2,166,046
Properties held for sale	–	–	–	–
Total	1,527,964	638,082	–	2,166,046

(c) No provision for impairment of inventory has been recognised since the net realisable value of inventory is higher than its carrying amount.

For the eight months ended 31 August 2014, the properties held for sale with the carrying amount of RMB108,412,000 (for the eight months ended 31 August 2013: RMB1,003,550,000, 2013: RMB1,117,286,000, 2012: RMB641,399,000, 2011: Nil) has been recognised as cost of sales (Note I.4(18)).

As at 31 August 2014, the financed costs capitalised in the properties under development amounted to RMB244,334,000 (31 December 2013: RMB215,123,000, 31 December 2012: RMB161,865,000, 31 December 2011: RMB112,111,000). For the eight months ended 31 August 2014, the weighted average capitalisation rate is 7.33% (for the eight months ended 31 August 2013: 7.21%, 2013: 6.95%, 2012: 6.93%, 2011: 7.21%).

As at 31 August 2014, properties under development of Chongqing Target Company with a carrying amount of RMB200,805,000 (31 December 2013: RMB418,642,000, 31 December 2012: RMB973,667,000 and 31 December 2011: RMB1,225,000,000) have been pledged as security for borrowings of RMB72,500,000 (31 December 2013: RMB275,500,000, 31 December 2012: RMB442,700,000, 31 December 2011: RMB385,000,000) (Note I.4(15)).

As at 31 August 2014, properties under development of Chongqing Target Company with a carrying amount of RMB209,108,000 (31 December 2013: Nil, 31 December 2012: Nil, 31 December 2011: Nil) have been pledged as security for borrowings of RMB300,000,000 (31 December 2013: Nil, 31 December 2012: Nil, 31 December 2011: Nil) (Note I.4(15)).

The location and ageing analysis of land use rights are as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
In Mainland China–				
10-50 years	722,243	749,334	1,075,813	1,264,683
Over 50 years	–	–	–	–
Total	722,243	749,334	1,075,813	1,264,683

(5) Other current assets

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Prepaid taxes	163,790	115,387	114,855	102,253

(6) Fixed assets

	Motor vehicles	Office equipment	Total
Cost			
31 December 2010	1,256	273	1,529
Additions	–	84	84
31 December 2011	1,256	357	1,613
Additions	400	146	546
31 December 2012	1,656	503	2,159
Additions	–	41	41
31 December 2013	1,656	544	2,200
Additions	45	73	118
Decrease in current period	(431)	–	(431)
31 August 2014	1,270	617	1,887

	Motor vehicles	Office equipment	Total
Accumulated depreciation			
31 December 2010	(403)	(105)	(508)
Depreciation	(305)	(96)	(401)
31 December 2011	(708)	(201)	(909)
Depreciation	(270)	(107)	(377)
31 December 2012	(978)	(308)	(1,286)
Depreciation	(221)	(94)	(315)
31 December 2013	(1,199)	(402)	(1,601)
Depreciation	(148)	(54)	(202)
Decrease in current period	409	–	409
31 August 2014	(938)	(456)	(1,394)
Net book value			
31 December 2011	548	156	704
31 December 2012	678	195	873
31 December 2013	457	142	599
31 August 2014	332	161	493

For the eight months ended 31 August 2014, depreciation expenses charged in properties under development amounted to RMB202,000 (2013: RMB315,000, 2012: RMB377,000, 2011: RMB401,000).

(7) *Deferred tax assets*

	31 August 2014		31 December 2013	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Accrued costs	22,258	89,032	5,153	20,610
Amount of reversal within 1 year (including 1 year)	22,258	89,032	5,153	20,610

	31 December 2012		31 December 2011	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Accumulated losses	–	–	5,176	20,702
Amount of reversal within 1 year (including 1 year)	–	–	5,176	20,702

(8) *Notes payable*

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Bank acceptance bill	33,708	–	–	–

(9) *Accounts payable*

The aging analysis of accounts payable is as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Within 1 year	548,410	524,239	358,625	187,298
Over 1 year	–	–	–	–
Total	548,410	524,239	358,625	187,298

(10) *Advances from customers*

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Advances from sales of properties under development *(i)*	1,457,888	889,044	1,318,920	1,170,144

(i) Advances from customers are amounts received from customers for properties sold, but the relevant revenue have not met the recognition criteria.

(11) *Taxes payable*

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Enterprise income tax payable	86,651	87,142	21,036	5,354
Withholding income tax payable	20,100	–	–	–
Land Appreciation Tax payable	1,640	5,729	3,175	1,699
Business tax payable	3,648	2,562	7,883	13,102
Others	444	712	1,041	662
Total	112,483	96,145	33,135	20,817

(12) *Dividend payable*

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
First Base	190,950	–	–	–
Reco Ziyang	190,950	–	–	–
Total	381,900	–	–	–

(13) Other payables

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Amounts due to related parties *(i)* *(Note I.5(4)(b))*	3,734	–	23	94,715
Collection of deeds and maintenance funds on behalf of government	9,749	11,010	6,764	9,682
Deposits received for tendering	1,590	2,630	1,530	2,520
Deposits from customers	–	306	571	1,269
Others	893	896	2,124	–
Total	15,966	14,842	11,012	108,186

(i) As at 31 December 2011, the loan from Beijing Sun Shine City Real Estate Development Co., Ltd. (hereinafter "Sun Shine City") is with interest rate of 6.31%, unsecured, unguaranteed, and with no fixed maturity date. The loan from Beijing Anhua Shiji Real Estate Development Co., Ltd. (hereinafter "Anhua Shiji") is with fixed maturity date interest rate of 5.31%, unsecured, unguaranteed, and with no fixed maturity date. The amounts both have been repaid in 2012.

The other amounts due to other related parties are free of interest, unsecured, unguaranteed, and with no fixed maturity date.

(14) Current portion of non-current liabilities

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Long-term borrowings due within one year	218,500	477,500	182,700	70,000

Long-term borrowings due within one year of the Group is disclosed in Note I.4(15).

(15) Long-term borrowings

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Secured *(a)*	372,500	275,500	442,700	385,000
Guaranteed *(b)*	116,000	202,000	450,000	–
Subtotal	488,500	477,500	892,700	385,000
Less: Long-term borrowings due within one year				
Including:				
Secured *(a)*	(102,500)	(275,500)	(22,700)	(70,000)
Guaranteed *(b)*	(116,000)	(202,000)	(160,000)	–
Subtotal	(218,500)	(477,500)	(182,700)	(70,000)
Net	270,000	–	710,000	315,000

(a) Secured

As at 31 August 2014, secured borrowings of RMB72,500,000 (31 December 2013: RMB275,500,000, 31 December 2012: RMB442,700,000, 31 December 2011: RMB385,000,000) were secured by land use rights under development of Chongqing Target Company (Note I.4(4)), with interest paid every three months. Principal should be repaid before 31 December 2014, therefore it is reclassified in long-term borrowings due within one year.

As at 31 August 2014, secured borrowings of RMB300,000,000 (31 December 2013: Nil, 31 December 2012: Nil, 31 December 2011: Nil) were secured by properties under development of Chongqing Target Company (Note I.4(4)), with interest paid every three months and principals should be repaid by instalments before June 2016. Among which, principal of RMB30,000,000 should be repaid before 31 August 2015, so it is reclassified in long-term borrowings due within one year.

(b) Guaranteed

As at 31 August 2014, guaranteed borrowings of RMB116,000,000 (31 December 2013: RMB202,000,000, 31 December 2012: RMB450,000,000, 31 December 2011: Nil) were secured by third party, with interest paid every three months and principal should be repaid by installments before 31 December 2014, therefore it is reclassified in long-term borrowings due within one year.

(16) Surplus reserve

	Statutory surplus reserve
31 December 2010	–
Appropriation in current year	–
31 December 2011	–
Appropriation in current year	15,202
31 December 2012	15,202
Appropriation in current year	26,959
31 December 2013	42,161
Appropriation from January to August in 2014	2,708
31 August 2014	44,869

In accordance with the Company Law of the PRC, and Chongqing Target Company's Articles of Association and resolution of Board of Directors, Chongqing Target Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. For the eight months ended 30 August 2014, Chongqing Target Company appropriated RMB2,708,000 for statutory surplus reserve (2013: RMB26,959,000, 2012: RMB15,202,000, 2011: Nil).

Chongqing Target Company appropriates for the discretionary surplus reserve after the approvals form the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. Chongqing Target Company did not appropriate discretionary surplus reserve for the eight months ended 31 August 2014 (2013, 2012 and 2011: Nil).

(17) Profits distribution

In accordance with the resolution at the Board of Directors' meeting dated on 31 August 2014, Chongqing Target Company declared a cash dividend of RMB402,000,000 to the shareholders, with an amount of RMB201,000,000 declared to First Base and an amount of RMB201,000,000 declared to Reco Ziyang.

(18) Revenue and cost of sales

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Revenue – sales of properties	167,255	1,384,677	1,592,554	940,947	–

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Cost of sales – sales of properties	108,412	1,003,550	1,117,286	641,399	–

(19) Taxes and surcharges

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Business tax	8,362	69,234	79,628	47,047	–
Others	1,004	8,306	9,548	3,441	–
Total	9,366	77,540	89,176	50,488	–

(20) Expenses classified by nature

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Wages, social security and welfare	2,108	9,736	13,787	11,916	2,697
Intermediary service fee	297	713	713	1,814	2,339
Marketing expenses	11,995	7,027	14,100	15,164	12,521
Sales commission fee	1,789	15,231	17,518	10,350	–
Sales operation fee	1,212	1,235	2,329	1,834	2,201
Capitalized interest	3,449	30,607	34,318	32,022	–
Land use rights costs	46,038	431,146	478,907	230,876	–
Construction related costs	57,857	532,061	593,180	371,015	–
Others	172	226	250	60	66
Total	124,917	1,027,982	1,155,102	675,051	19,824

(21) Financial income

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Interest expenses	29,212	35,394	53,258	50,075	67,750
Including: Bank borrowings	29,212	35,394	53,258	49,356	25,124
Borrowings from related parties	–	–	–	719	42,626
Less: amount capitalised	(29,212)	(35,394)	(53,258)	(49,754)	(67,750)
Interest expenses – net	–	–	–	321	–
Interest income	(546)	(4,467)	(5,157)	(15,145)	(3,441)
Exchange gains or losses – net	–	–	–	–	2
Net	(546)	(4,467)	(5,157)	(14,824)	(3,439)

(22) Non-operating income

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Government Grants *(a)*	2,438	6,000	6,000	–	–
Others	153	20	20	60	144
Total	2,591	6,020	6,020	60	144

(a) According to "Notifications of policies for further standardising finance and taxation supporting" issued by the People's Government of Chongqing, Chongqing Target Company has received government subsidy of RMB2,438,000 for the eight months ended 31 August 2014 (8 months ended 31 August 2013: RMB6,000,000; 2013: RMB6,000,000; 2012: Nil; 2011: Nil).

(23) Income tax expenses

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Current income tax	26,132	73,046	95,016	52,397	–
Deferred income tax	(17,105)	–	(5,153)	5,176	(4,060)
Total	9,027	73,046	89,863	57,573	(4,060)

The reconciliation from income tax calculated based on the applicable tax rates and total profit/loss presented in the financial statements to the income tax expenses is listed below:

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Total profit/(loss)	36,109	289,642	359,453	230,292	(16,241)
Income tax expenses calculated at applicable tax rates (25%)	9,027	72,411	89,863	57,573	(4,060)
Expenses, costs and losses not deductible for tax purposes	–	635	–	–	–
Income tax expenses	9,027	73,046	89,863	57,573	(4,060)

(24) Notes to cash flow statements

(a) Reconciliation from net profit/(loss) to cash flows from operating activities

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Net profit/(loss)	27,082	216,596	269,590	172,719	(12,181)
Add: Depreciation of fixed assets *(Note I.4(6))*	202	211	315	377	401
Financial income *(Note I.5(3)(c))*	–	(3,960)	(3,960)	(13,168)	–
(Increase)/decrease in deferred tax assets *(Note I.4(7))*	(17,105)	–	(5,153)	5,176	(2,335)
(Increase)/decrease in inventories	(287,872)	316,192	362,412	(112,211)	(570,332)
(Increase)/decrease in restricted cash *(Note I.4(1))*	(58,559)	9,442	9,442	(9,442)	–
(Increase)/decrease in other current assets	(48,403)	80,637	(532)	(12,602)	(71,718)
Increase in operating receivables	(2,793)	6,330	4,782	444	(12,325)
Increase/(decrease) in operating payables	617,643	(374,820)	(198,187)	332,776	863,234
Net cash flows from operating activities	230,195	250,628	438,709	364,069	194,744

(b) Net increase/(decrease) in cash

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Cash at end of period/year	284,171	211,938	181,137	349,247	215,678
Less: Cash at the beginning of period/year	(181,137)	(349,247)	(349,247)	(215,678)	(772,200)
Net increase/(decrease) in cash	103,034	(137,309)	(168,110)	133,569	(556,522)

(c) Cash

	31 August 2014	31 August 2013 (Unaudited)	31 December 2013	31 December 2012	31 December 2011
Cash at bank and on hand *(Note I.4(1))*	342,730	211,938	181,137	358,689	215,678
Less: restricted cash at bank *(Note I.4(1))*	(58,559)	–	–	(9,442)	–
Cash at end of the period/year	284,171	211,938	181,137	349,247	215,678

(d) Cash received related to other operating activities

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Cash received from related parties	3,734	100	100	23	87
Bank deposit interest income	546	507	1,197	1,977	3,441
Collection of deeds and maintenance funds on behalf of government	–	2,184	4,246	–	7,775
Deposits received	–	422	1,112	–	–
Government grants received	2,438	6,000	6,000	–	–
Others	290	762	1,505	2,681	1,915
Total	7,008	9,975	14,160	4,681	13,218

(e) Cash paid related to other operating activities

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Cash paid to related parties	–	–	–	475	–
Marketing expenses	11,995	7,027	14,100	15,164	12,521
Intermediary service fee	297	713	713	1,814	2,339
Expenses of sales department	1,212	1,235	2,329	1,834	2,201
Sales commission	4,720	8,677	13,938	10,202	7,693
Amount paid for deeds and maintenance funds on behalf of government	1,261	–	–	2,918	–
Deposits paid	834	–	–	102	4,106
Others	687	855	2,161	1,969	596
Total	21,006	18,507	33,241	34,478	29,456

5 Related parties and related party transactions

(1) The parent company

(a) General information of the parent company

During the Relevant Periods, Chongqing Target Company's parent company is Beijing Capital Land, Shenyang Yujing and First Base, whose registered place and business nature are listed below:

	Place of registration	**Nature of business**
Beijing Capital Land	Beijing, PRC	Real estate investment and management
Shenyang Yujing	Shenyang, PRC	Investment management
First Base	Hong Kong, PRC	Investment management

Beijing Capital Land is the ultimate holding company of Chongqing Target Company during the Relevant Period.

(b) Registered capital and changes in registered capital of the parent company

The registered capital of Beijing Capital Land was RMB2,027,960,000 from 1 January 2011 to 20 May 2011.

The registered capital of Shenyang Yujing was RMB10,000,000 from 20 May 2011 to 16 September 2012.

The registered capital of First Base was HKD4 from 16 September 2011 to 31 August 2014.

(c) The proportions of equity interest and voting rights in Chongqing Target Company held by the parent company

	31 August 2014		31 December 2013		31 December 2012		31 December 2011	
	Equity interest	Voting rights	Equity interest	Voting rights	Equity interest	Voting rights	Equity interest	Share holding
	%	%	%	%	%	%	%	%
Shenyang Yujing								
First Base	50	50	50	50	50	50	50	50

(2) Nature of related parties that do not control or are not controlled by the Chongqing Target Company

Name of related entities	**Relationship with Chongqing Target Company**
Reco Ziyang	Foreign shareholder (50% of shares)
Sun Shine City	Subsidiary of Beijing Capital Land
Anhua Shiji	Subsidiary of Beijing Capital Land
Shangboya	Subsidiary of Beijing Capital Land
Tianjin Capital Xingang Real Estate Development Co., Ltd. ("Tianjin Xingang")	Subsidiary of Beijing Capital Land
Chengdu Capital Yidu Real Estate Development Co., Ltd. ("Chengdu Yidu")	Subsidiary of Beijing Capital Land
Beijing GoldenNet Property Investment Adviser ("GoldenNet")	Associate of Beijing Capital Land

(3) Related party transactions

The Board of Chongqing Target Company considers all transactions with related parties are on normal commercial terms, price of related party transaction is agreed by Chongqing Target Company and its related parties.

(a) Recover loans and interests to related parties

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Shangboya	–	303,960	303,960	13,168	–

(b) Provide loans to related parties

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Tianjin Xingang	115,000	357,280	442,280	306,000	–
Shangboya	–	–	–	300,000	–
Total	115,000	357,280	442,280	606,000	–

(c) Repay loans and interests borrowed from related parties

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Sun Shine City	–	–	–	11,097	376,001
Anhua Shiji	–	–	–	84,062	335,000
Total	–	–	–	95,159	711,001

(d) Interest (income)/expenses from related parties

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Sun Shine City	–	–	–	–	21,752
Anhua Shiji	–	–	–	719	20,874
Shangboya	–	(3,960)	(3,960)	(13,168)	–
Total	–	(3,960)	(3,960)	(12,449)	42,626

(e) Receive services from related parties

	Eight months ended 31 August 2014	Eight months ended 31 August 2013 (Unaudited)	2013	2012	2011
Sales agent service from GoldenNet	1,789	15,231	17,518	10,350	–
Marketing advisory service from Beijing Capital Land	–	–	1,400	1,400	1,800
Technical Consulting service from Beijing Capital Land	–	–	5,683	6,045	7,234
Human resource service from Beijing Capital Land	4,350	3,000	8,700	6,180	3,363
Total	6,139	18,231	33,301	23,975	12,397

Beijing Capital Land provides technical services, consulting services and human resources services for Chongqing Target Company. The service fee was determined base on the qualities of services provided, which was charged according to the completion percentage of the service.

GoldenNet is entrusted by Chongqing Target Company as exclusive sales agent of certain projects. The commission fee was charged by the sales amount and the agreed commission rate.

(f) Remuneration of directors

The directors of Chongqing Target Company from 23 April 2008 to 4 November 2009 were Tang Jun (唐軍), Sun Baojie (孫寶杰), Hu Weimin (胡衛民), Li Guoshen (李國紳) and Zhou Wenliang (周文良); from 4 November 2009 to 2 June 2011 were Tang Jun (唐軍), Sun Jianjun (孫建軍), Sun Baojie (孫寶杰), Li Yu (李鈺) and Hu Weimin (胡衛民); from 2 June 2011 to 29 March 2012 were Deng Kexue (鄧克學), Sun Baojie (孫寶杰), Hu Weimin (胡衛民), Li Yu (李鈺) and Sun Jianjun (孫建軍); from 29 March 2012 to 31 August 2014 were Fang Yonggao (方永高), Li Yanxin (李炎昕), Li Chaoyang (李朝陽), Sun Jianjun (孫建軍) and Li Yu (李鈺).

The directors work at shareholder's companies, and their remuneration are not undertaken by Chongqing Target Company.

(4) Related party balances

(a) Other receivables

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Tianjin Xingang	863,280	748,280	306,000	–
Shangboya	–	–	300,000	–
GoldenNet	100	100	200	–
Total	863,380	748,380	606,200	–

(b) Other payables

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Beijing Capital Land	3,539	–	–	275
Sun Shine City	–	–	–	11,097
Anhua Shiji	–	–	–	83,343
Chengdu Yidu	195	–	23	–
Total	3,734	–	23	94,715

(c) Advances to suppliers

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Sales agent service from GoldenNet	10,589	7,658	11,238	11,386

(d) Dividends payable

Dividends payable of Chongqing Target Company is disclosed in Note I.4(12).

6 Commitments

(1) Commitments for properties

Expenditures contracted for properties under development at balance sheet date are as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Contracted but not paid	873,119	416,209	1,311,319	794,696
Authorised but not contracted	89,405	460,362	600,029	1,700,764
Total	962,524	876,571	1,911,348	2,495,460

(2) Operating lease commitments

The future minimum lease payments due to the signed irrevocable operating leases contracts are as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Within 1 year	952	296	487	455
1 to 2 years	999	–	296	487
2 to 3 years	1,049	–	–	296
Total	3,000	296	783	1,238

7 Financial guarantee

Chongqing Target Company has arranged bank financing for certain customers and has provided guarantees to secure obligations of these customers for repayments.

Chongqing Target Company provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of Chongqing Target Company's properties. These guarantees will terminate upon the issue of the real estate ownership certificate and the completion of the mortgage registration.

As at 31 August 2014, outstanding guarantees amounted to RMB793,155,000 (31 December 2013: RMB665,275,000; 31 December 2012: RMB756,200,000; 31 December 2011: RMB434,109,000).

Chongqing Target Company considers that guarantees above have no significant influence on its financial condition.

8 Financial instruments and risk

Chongqing Target Company's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. Chongqing Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

(1) Market risk

(a) Foreign exchange risk

The majority of Chongqing Target Company's business is operated in Mainland China and used Renminbi (RMB) as settlement currency. The company has no assets denominated in foreign currency, thus it is exposed to no significant foreign exchange risk.

(b) Interest rate risk

Chongqing Target Company's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose Chongqing Target Company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose Chongqing Target Company to fair value interest rate risk. Chongqing Target Company determines the contracts proportions of fixed rate and floating rate depending on the market conditions. As at 31 August 2014, Chongqing Target Company's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB188,500,000 (31 December 2013: RMB477,500,000, 31 December 2012: RMB892,700,000, 31 December 2011: RMB385,000,000).

The management of Chongqing Target Company continuously monitors the interest rates. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to Chongqing Target Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on Chongqing Target Company's financial results. The management makes adjustments timely with reference to the latest market conditions.

As at 31 August 2014, if interest rates on the floating rate borrowings increased/decreased 50 basis points while all other variables had been held constant, Chongqing Target Company's interest expenses of bank borrowings would have increased/decreased by approximately RMB943,000 (31 December 2013: RMB2,388,000, 31 December 2012: RMB4,464,000, 31 December 2011: RMB1,925,000).

(2) Credit risk

Credit risk is managed by portfolio classification. Credit risk mainly arises from cash at bank (Note I.4(1)), other receivables (Note I.4 (2)), etc.

Chongqing Target Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listing banks. Chongqing Target Company does not expect that there will be any significant losses arising from non-performance by these counterparties.

Chongqing Target Company has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser fails on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand Chongqing Target Company to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, Chongqing Target Company is able to sell the property to recover any amounts paid by Chongqing Target Company to the bank. In this regard, the management considers that Chongqing Target Company's credit risk is significantly reduced.

Chongqing Target Company has policies to limit the credit risk exposure on related party transaction. Chongqing Target Company assesses the credit quality and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by Chongqing Target Company. In respect of customers with a poor credit history, Chongqing Target Company will use written payment reminders, reduce or cancel credit periods, to ensure the overall credit risk of Chongqing Target Company is limited to a controllable range.

In addition, other receivables are mainly from related parties. Chongqing Target Company carries out regular review and follow-up action on any overdue amounts to minimize exposures to credit risk.

(3) Liquidity risk

Cash flow forecasting is performed by Chongqing Target Company. The finance departments monitor rolling forecasts of the short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that it does not breach borrowing limits or covenants on any of borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial assets and liabilities of Chongqing Target Company at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 August 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	342,730	–	–	–	342,730
Receivables	870,813	–	–	–	870,813
Total	1,213,543	–	–	–	1,213,543

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	181,137	–	–	–	181,137
Receivables	755,951	–	–	–	755,951
Total	937,088	–	–	–	937,088

	31 December 2012				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	358,689	–	–	–	358,689
Receivables	614,873	–	–	–	614,873
Total	973,562	–	–	–	973,562

	31 December 2011				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Cash at bank and on hand	215,678	–	–	–	215,678
Receivables	9,170	–	–	–	9,170
Total	224,848	–	–	–	224,848

	31 August 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Payables	977,846	–	–	–	977,846
Current portion of non-current liabilities	223,472	–	–	–	223,472
Long-term borrowings	21,600	287,635	–	–	309,235
Total	1,222,918	287,635	–	–	1,510,553

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Payables	519,081	–	–	–	519,081
Current portion of non-current liabilities	505,392	–	–	–	505,392
Total	1,024,473	–	–	–	1,024,473

	31 December 2012				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Payables	369,637	–	–	–	369,637
Current portion of non-current liabilities	192,592	–	–	–	192,592
Long-term borrowings	50,730	744,728	–	–	795,458
Total	612,959	744,728	–	–	1,357,687

	31 December 2011				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets –					
Payables	296,112	–	–	–	296,112
Current portion of non-current liabilities	73,994	–	–	–	73,994
Long-term borrowings	19,386	326,124	–	–	345,510
Total	389,492	326,124	–	–	715,616

The analysis of repayable dates of bank borrowings are as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Bank borrowings wholly repayable within 5 years	488,500	477,500	892,700	385,000

9 Fair value estimates

The level of fair value measurement result, is determined by the lowest level of the input value, which is of great significance to the overall fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Chongqing Target Company has no assets or liabilities measured in fair value at 31 December 2011, 2012 and 2013 and 31 August 2014.

(a) Assets measured at fair value on an ongoing basis

As at 31 August 2014, 31 December 2013, 2012 and 2011, Chongqing Target Company has no financial instruments measured at fair value on an ongoing basis.

(b) Assets measured at fair value not on an ongoing basis

As at 31 August 2014, 31 December 2013, 2012 and 2011, Chongqing Target Company has no financial instruments measured at fair value not on an ongoing basis.

(c) Assets and liabilities not measured at fair value but disclosed on fair value

Financial assets and liabilities measured at amortized cost mainly include receivables, payables, long-term borrowings.

Except for liabilities listed below, the carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value:

	31 August 2014		31 December 2013		31 December 2012		31 December 2011	
	Book value	*Fair value*	*Book value*	*Fair value*	*Book value*	*Fair value*	*Book value*	*Fair value*
Long-term borrowings at fixed rate	300,000	308,809	–	–	–	–	–	–

10 Capital management

Chongqing Target Company's objectives when managing capital are to safeguard Chongqing Target Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Chongqing Target Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, Chongqing Target Company monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by net capital. Net debt is calculated as total borrowings (including "Short-term borrowings", "Long-term borrowings" and "Notes payable" as shown in the balance sheet) less Cash at bank and on hand. Net capital is 'equity' as shown in the balance sheet.

As at 31 August 2014, Chongqing Target Company's strategy was to maintain the net gearing ratio within 80%. The net gearing ratios at 31 August 2014, 31 December 2013, 31 December 2012 and 31 December 2011 are as follows:

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Total borrowings, including				
Long-term borrowings due within one year	218,500	477,500	182,700	70,000
Long-term borrowings	270,000	–	710,000	315,000
Less: Cash at bank and on hand	(342,730)	(181,137)	(358,689)	(215,678)
Net borrowings	145,770	296,363	534,011	169,322
Owners' equity	701,612	1,076,530	806,940	634,221
Net gearing ratio	21%	28%	66%	27%

11 Net current assets

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Current assets	3,723,863	3,078,990	3,427,666	2,504,533
Less: current liabilities	(2,775,002)	(2,008,212)	(1,911,599)	(1,561,192)
Net current assets	948,861	1,070,778	1,516,067	943,341

12 Total assets less current liabilities

	31 August 2014	31 December 2013	31 December 2012	31 December 2011
Total assets	3,746,614	3,084,742	3,428,539	2,510,413
Less: current liabilities	(2,775,002)	(2,008,212)	(1,911,599)	(1,561,192)
Total assets less current liabilities	971,612	1,076,530	1,516,940	949,221

II. EVENTS AFTER THE BALANCE SHEET DATE

As at the reporting date, Chongqing Target Company has no financial statements audited for the period after 31 August 2014. Chongqing Target Company has not announced any dividend nor distribution after 31 August 2014.

Yours faithfully,

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

27 November 2014

The following information does not form part of the Accountant's Reports on the financial information of the Group and the Accountant's Reports on the financial information of the Tianjin Target Company and Chongqing Target Company from PricewaterhouseCoopers Zhong Tian LLP, the Company's reporting accountants, as set out in appendices II and III to this circular, and is included herein for information only. The pro forma financial information should be read in conjunction with the financial information of the Group and the Accountant's Reports on the financial information of the Tianjin Target Company and Chongqing Target Company.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma statement of assets and liabilities of the Group (the "Unaudited Pro Forma Financial Information") has been prepared on the basis of the notes set out below for the purpose of illustrating the effects on the assets and liabilities of the Enlarged Group as if the transactions contemplated under the Agreements (the "Proposed Transaction") had taken place on 30 June 2014.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Transaction been completed on 30 June 2014 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in the Circular.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the interim report for the six months ended 30 June 2014.

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2014	Pro forma adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2014
	RMB'000	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 4)*	
ASSETS			
Current assets			
Cash at bank and on hand	11,673,497	(806,363)	10,867,134
Notes receivable	1,181		1,181
Accounts receivable	718,137		718,137
Advances to suppliers	162,467		162,467
Interest receivable	3,431		3,431
Dividends receivable	238,447		238,447
Other receivables	3,454,427		3,454,427
Inventories	37,815,912		37,815,912
Non-current assets and assets of disposal group classified as held for sale	9,921		9,921
Other current assets	1,188,113		1,188,113
Total current assets	55,265,533		54,459,170
Non-current assets			
Available-for-sale financial assets	123,381		123,381
Long-term receivable	300,239		300,239
Long-term equity investments	2,299,539		2,299,539
Investment properties	3,962,981		3,962,981
Fixed assets	495,886		495,886
Intangible assets	59,066		59,066
Goodwill	172,137		172,137
Long-term prepaid expenses	69,422		69,422
Deferred tax assets	325,343		325,343
Other non-current assets	9,895		9,895
Total non-current assets	7,817,889		7,817,889
TOTAL ASSETS	63,083,422		62,277,059

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2014	Pro forma adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2014
	RMB'000	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 4)*	
LIABILITIES			
Current liabilities			
Short-term borrowings	4,314,733		4,314,733
Notes payable	54,674		54,674
Accounts payable	3,422,104		3,422,104
Advances from customers	7,231,690		7,231,690
Employee benefits payable	87,951		87,951
Taxes payable	2,037,683		2,037,683
Interest payable	178,712		178,712
Dividends payable	684,626		684,626
Other payables	4,416,256		4,416,256
Current portion of non-current liabilities	4,452,712		4,452,712
Total current liabilities	26,881,141		26,881,141
Non-current liabilities			
Long-term borrowings	11,639,800		11,639,800
Debentures payable	5,193,650		5,193,650
Long-term payables	650,000		650,000
Deferred tax liabilities	618,312		618,312
Other non-current liabilities	–		–
Total non-current liabilities	18,101,762		18,101,762
TOTAL LIABILITIES	44,982,903		44,982,903
NET ASSETS	18,100,519		17,294,156

B. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION:

1. The balances are extracted from the published unaudited consolidated statement of financial position of the Group as at 30 June 2014 as set out in the interim report of the Company for the six months ended 30 June 2014. The Tianjin Target Company and Chongqing Target Company are existing subsidiaries of the Group and therefore their respective financial information has already been included in the unaudited consolidated statement of assets and liabilities of the Group.

2. The financial information of Tianjin Target Company used for the calculations in note 4 of this unaudited pro forma financial information is based on the balance sheet as of 30 June 2014 as included in the accountant's report as set out in appendix II to this circular.

3. The financial information of Chongqing Target Company used for the calculations in note 4 of this unaudited pro forma financial information is based on the balance sheet as of 31 August 2014 as included in the accountant's report as set out in appendix III to this circular.

4. Pursuant to the Agreements, the total consideration for the Acquisition is RMB806,363,000. The difference between the consideration paid and the carrying value of equity interest of the Target Companies will be recognized as equity. Details of the Acquisition is set out as follows:

	RMB'000
Total Consideration of share acquisition	806,363
Less: Carrying value of the equity interest held by the Group in the Target Companies	627,902
Including: Book value of 45% equity interest of Tianjin Target Company as presented in the accountant's report	265,302
Book value of 50% equity interest of Chongqing Target Company as presented in the accountant's report	350,806
Consideration paid by the Group over the then book value of the Target Companies in prior year acquisitions	11,794
Difference between consideration and carrying value of the equity interests of the Target Companies	178,461

Above difference will be recognized as deduction of capital surplus in the Group's consolidated owner's equity upon completion.

5. No other adjustments have been made to reflect any trading results or other transactions of the Group and Tianjin Banshan subsequent to 30 June 2014, and of Chongqing Xinshi subsequent to 31 August 2014.

The following is the text of a report received from PricewaterhouseCoopers Zhong Tian LLP, for the purpose of incorporation in this circular.

pwc 普华永道

27 November 2014

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

TO THE DIRECTORS OF BEIJING CAPITAL LAND LTD.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Capital Land Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), and Tianjin Banshan Renjia Real Estate Co., Ltd. ("Tianjin Target Company"), a subsidiary of the Group, and Chongqing Xinshi Real Estate Development Co., Ltd. ("Chongqing Target Company"), a subsidiary of the Group (collectively, the "Target Companies") (the Group and the Target Companies are collectively referred to as the "Enlarged Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 136 to 142 of the Company's circular dated 27 November 2014, in connection with the proposed acquisition of 45% non-controlling interest of Tianjin Target Company, and proposed acquisition of 50% non-controlling interest of Chongqing Target Company (collectively, the "Proposed Transaction") by the Group. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 136 to 142.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on the Group's financial position as at 30 June 2014 as if the Proposed Transaction had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the period ended 30 June 2014.

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

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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's 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 accountant comply with ethical requirements and 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.

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 unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction 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 Proposed Transaction at 30 June 2014 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 event or transaction, 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction 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 by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

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

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

27 November 2014

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of certain properties in which the Group holds certain interest and intends to acquire the remaining interest thereof in the PRC as at 30 September 2014.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

27 November 2014

The Board of Directors
Beijing Capital Land Ltd.
Suites 2906-8
AIA Central
1 Connaught Road Central
Hong Kong

Dear Sirs,

PORTFOLIO VALUATION

Instructions, Purpose & Valuation date

In accordance with your instructions for us to carry out market valuations of certain properties in which Beijing Capital Land Ltd. (referred to as the "Company") or its subsidiaries (collectively referred to as the "Group") holds certain interest and intends to require the remaining interest thereof in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values of the properties in existing state as at 30 September 2014 (the "date of valuation").

Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors 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 Basis and Assumption

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuations of the properties situated in the PRC, we have prepared our valuations on the basis that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and the legal opinion of the Company's PRC legal adviser, Jingtian & Gongcheng Law Firm (竟天公誠律師事務所), regarding the titles to the properties and the interests of the Company in the properties. With reference to the PRC legal opinion, we have prepared our valuations on the basis that the owners have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificates.

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

Method of Valuation

We have mainly adopted Direct Comparison Approach by making reference to comparable sale evidences as available on the market.

In respect of the property in Group II, which is held by the Group under development in the PRC, we have valued it on the basis that it will be developed and completed in accordance with the Group's latest development proposal provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. The development value when completed represents our opinion of the aggregate value of the development assuming it would have been completed at the date of valuation. In arriving at the final value of the property in existing state, we have also taken into account the construction costs expended and the costs that will be expended to complete the development.

Source of Information

We have relied to a very considerable extent on the information given by the Group and the opinion of the PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, development scheme, identification of properties, completion dates of building, construction cost, particulars of occupancy, development scheme, presold details, site and floor areas, and all other relevant matters.

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

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We have not been able to cause title search for the properties in the PRC but we have made reference to the legal opinion and the copies of the title documents. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Anna Hu, assistant valuer of DTZ Chongqing Office, and Niu Huixin and Liu Qianlan, valuers of DTZ Tianjin Office, inspected the exterior and, wherever possible, the interior of the properties on 14 October 2014 and 29 July 2014 respectively. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We attach herewith the summary of valuations and valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor
(General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Senior Director

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 27 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 September 2014	Attributable interest to be acquired by the Group	Market value in existing state as at 30 September 2014 to be acquired by the Group
		RMB	*%*	*RMB*
Group I – Properties held by the Group for sale in the PRC				
1.	The unsold portions of Phases 1 and 2, Chongqing Hongensi Project, No. K03-2/02, Partition K, Dashiba Block, Jiangbei District, Chongqing, the PRC	466,000,000	50	233,000,000
2.	The unsold portions of Tianjin First City Project, West of Hebei Road, Tanggu District, Tianjin, the PRC	36,750,000	45	16,537,500
	Sub-total of Group I:	502,750,000		249,537,500
Group II – Property held by the Group under development in the PRC				
3.	Phases 3 and 4, Chongqing Hongensi Project, No. K03-2/02, Partition K, Dashiba Block, Jiangbei District, Chongqing, the PRC	2,653,000,000	50	1,326,500,000
	Sub-total of Group II:	2,653,000,000		1,326,500,000
	Grand-total:	**3,155,750,000**		**1,576,037,500**

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
1.	The unsold portions of Phases 1 and 2, Chongqing Hongensi Project, No. K03-2/02, Partition K, Dashiba Block, Jiangbei District, Chongqing, the PRC	Completed between February 2012 and May 2013, the property is erected on a parcel of land with a total site area of approximately 195,055.30 sq m. The property comprises the unsold portions of a residential/commercial composite development with a total gross floor area of approximately 85,809.28 sq m and the details are as follows:	As at the valuation date, the property was vacant.	RMB466,000,000 (50% interest to be acquired by the Group: RMB233,000,000)

Use	Approximate gross floor area *(sq m)*
Residential (high-rise)	12,799.77
Residential (garden villa)	17,157.61
Retail	979.08
Car park	54,872.82
Total	**85,809.28**

The property is located at Hong En CBD Area, Jiangbei District, Chongqing. Developments nearby are mainly residential buildings.

The land use rights of the property have been granted for terms due to expire on 15 November 2059 for residential use and 15 November 2049 for retail use.

Notes:

(1) According to Certificate for the Use of State-owned Land No. 103D2013 (00418) dated 16 July 2013, the land use rights of Chongqing Hongensi Project, comprising a site area of 195,055.30 sq m, have been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for land use terms due to expire on 15 November 2059 and 15 November 2049 for residential and retail use respectively.

According to Certificate for the Use of State-owned Land No. 103 2013 (39129) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 3,423.94 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39103) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 5,469.62 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39093) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 3,675.32 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39131) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 3,408.46 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39079) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 3,649.42 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39110) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 5,132.70 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2013 (39051) dated 28 August 2013, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 3,707.81 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

According to Certificate for the Use of State-owned Land No. 103 2012 (33002) dated 21 December 2012, the building ownership of Chongqing Hongensi Project, comprising a gross floor area of 29,974.22 sq m, has been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for residential use.

(2) According to Pre-sale Permit for Commodity Housing No. 2010（512）dated 20 August 2010, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 1 and 3 of Chongqing Hongensi Project with a total gross floor area of 41,849.04 sq m.

According to Pre-sale Permit for Commodity Housing No. 2010（545）dated 6 September 2010, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 2 of Chongqing Hongensi Project with a total gross floor area of 21,396.48 sq m.

According to Pre-sale Permit for Commodity Housing No. 2010（685）dated 21 October 2010, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 4 and 5 of Chongqing Hongensi Project with a total gross floor area of 43,568.83 sq m.

According to Pre-sale Permit for Commodity Housing No. 2010（951）dated 30 December 2010, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 6 of Chongqing Hongensi Project with a total gross floor area of 22,736.40 sq m.

According to Pre-sale Permit for Commodity Housing No. 2011（138）dated 15 March 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 7 of Chongqing Hongensi Project with a total gross floor area of 41,849.04 sq m.

According to Pre-sale Permit for Commodity Housing No. 2011（437）dated 14 June 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 1 of Chongqing Hongensi Project with a total gross floor area of 21,754.82 sq m.

According to Pre-sale Permit for Commodity Housing No. 2011（469）dated 24 June 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 2 of Chongqing Hongensi Project with a total gross floor area of 19,740.222 sq m.

According to Pre-sale Permit for Commodity Housing No. 2011（822）dated 17 November 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 4 and 5 of Chongqing Hongensi Project with a total gross floor area of 40,386.94 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012（513）dated 21 August 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 20 of Chongqing Hongensi Project with a total gross floor area of 18,037.13 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012（631）dated 21 September 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 19 of Chongqing Hongensi Project with a total gross floor area of 17,864.83 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012（712）dated 19 October 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 12 and 13 of Chongqing Hongensi Project with a total gross floor area of 6,806.66 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012（111）dated 22 March 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 15, 20 and 21 of Chongqing Hongensi Project with a total gross floor area of 14,223.31 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012 (282) dated 23 May 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 22 and retail portion of Chongqing Hongensi Project with a total gross floor area of 26,155.05 sq m (residential: 23,017.95 sq m, non-residential: 3,137.10 sq m).

According to Pre-sale Permit for Commodity Housing No. 2012 (260) dated 19 January 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 14, 18, 23, 25 and 28 of Chongqing Hongensi Project with a total gross floor area of 49,562.19 sq m.

According to Pre-sale Permit for Commodity Housing No. 2011 (613) dated 31 August 2011, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 21 and 22 of Chongqing Hongensi Project with a total gross floor area of 40,780.92 sq m.

(3) According to the information provided by 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.), portions of the property have been presold. Details are set out below:

Portion	**Presold gross floor area** *(sq m)*	**Presold consideration** *(RMB)*
Phase 1		
Residential (high-rise)	1,364.94	9,250,734
Car park	425.24	1,510,000
Phase 2		
Residential (garden villa)	3,722.99	37,109,789
Residential (high rise)	10,474.78	69,602,708
Retail	979.08	16,367,450

In the course of our valuation, we have included such presold portions and taken into account the presold considerations.

(4) According to Business Licence No. 500000400015638, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was established as a limited liability company with a registered capital of US$95,000,000 for a valid operation period from 23 April 2008 to 24 March 2028.

(5) According to the PRC legal opinion,

(i) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.), as a development company, is in compliance with the PRC laws and legally established, has obtained business licence and is entitled to develop and operate the property;

(ii) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has fully settled all the land premium and tax and obtained parts of the Land Use Rights Certificate of the property;

(iii) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has obtained all necessary permits, approvals and legal documents for the actual development progress. Such permits, approvals and legal documents have not been revoked, modified, repealed or withdrawn;

(iv) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has obtained all necessary permits for the property and hence has the legal rights to sell any of the units within the permitted zone; and

(v) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.

(6) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes (part)
Pre-sale Permit for Commodity Housing	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
2.	The unsold portions of Tianjin First City Project, West of Hebei Road, Tanggu District, Tianjin, the PRC	Completed in 2013, the property is erected on a parcel of land with a total site area of approximately 220,320.30 sq m. The property comprises the unsold commercial portions with a total gross floor area of 2,141.39 sq m. The property is located at West of Hebei Road, Tanggu District, Tianjin. Developments nearby are mainly residential buildings. The land use rights of the property have been granted for a term due to expire on 9 May 2074 for residential use.	As at the valuation date, the property was vacant.	RMB36,750,000 (45% interest to be acquired by the Group: RMB16,537,500) (See Note (1))

Notes:

(1) As advised by the Company, the other completed portions of the property with a total gross floor area of 24,625.22 sq m are restricted for sale in the open market. We have therefore assigned no commercial value to such other portions. For reference purpose, had the property been freely assignable in the open market, the market value of such other portions in existing state as at 30 September 2014 would be RMB72,200,000 (45% interest to be acquired by the Group: RMB32,490,000).

(2) According to Certificate for the Use of State-owned Land No. 107051200050 dated 15 February 2012, the land use rights of Tianjin First City Project, comprising a site area of 220,320.30 sq m, have been vested in 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) for a land use term due to expire on 9 May 2074 for residential use.

(3) According to Planning Permit for Construction Use of Land No. (2003)-70 dated 2 July 2007 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction site of the property with a site area of 233,336.34 sq m have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) and is in compliance with urban planning requirements.

(4) According to Planning Permit for Construction Works No. 2008(0067) dated 14 October 2008 issued by 天津市塘沽區規劃局 (Tianjin Planning Bureau of Tanggu District), the construction works for Block No. 57 of Tianjin First City Project (including residents' committees, property management, cultural activity stations, comprehensive commercial and heat exchange station) with a total gross floor area of 4,067.75 sq m (including 3,828.65 sq m for aboveground and 239.10 sq m for underground) are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2011(0008) dated 1 March 2011 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for Block No. 58 of Tianjin First City Project (including comprehensive commercial, telephone exchange room, cleaning room public toilets and culture activity stations) with a total gross floor area of 2,560.00 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2011(0025) dated 3 August 2011 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for Block No. 60 of Tianjin First City Project (kindergarten) with a total gross floor area of 1,200.00 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2011(0007) dated 1 March 2011 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for Phase 7 Basement Carpark and civil air defense areas of Tianjin First City Project with a total gross floor area of 22,737.93 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2009(0032) dated 18 May 2009 issued by 天津市塘沽區規劃局 (Tianjin Planning Bureau of Tanggu District), the construction works for Phase 7 Basement Carpark of Tianjin First City Project with a total gross floor area of 4,624.19 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2010(0006) dated 21 January 2010 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for No. 1, No. 2 and No. 3 Basement Carpark of Tianjin First City Project with a total gross floor area of 2,825.09 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2010(0005) dated 19 January 2010 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for No. 4 Basement Carpark of Tianjin First City Project with a total gross floor area of 10,085.00 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

According to Planning Permit for Construction Works No. 2010(0004) dated 15 January 2010 issued by 天津市濱海新區規劃和國土資源管理局塘沽分局 (Tianjin Binhai New Area Planning and Land Resources Administration Bureau of Tanggu Branch), the construction works for No. 5 Basement Carpark of Tianjin First City Project with a total gross floor area of 5,100.00 sq m are in compliance with the construction works requirements and the rights have been granted to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.).

(5) According to Permit for Commencement of Construction Works No. 12107021201004013 dated 7 June 2010 issued by 天津市塘沽區建設管理委員會 (Tianjin Construction Management Committee of Tanggu District), Phase 2 Block Nos. 5-7 and Nos. 1-5 Basement of Tianjin First City Project with a total gross floor area of 40,896.79 sq m were approved for construction.

According to Permit for Commencement of Construction Works No. 12107021201111004 dated 14 November 2011 issued by 天津市濱海新區建設和交通局塘沽分局 (Tianjin Binhai New Area Construction and Transport Bureau of Tanggu Branch), Block Nos. 58 and 60 (kindergarten) of Tianjin First City Project with a total gross floor area of 3,760.00 sq m were approved for construction.

According to Permit for Commencement of Construction Works No. 12107021200904002 dated 7 April 2009 issued by 天津市塘沽區建設管理委員會 (Tianjin Construction Management Committee of Tanggu District), Phase 1 Block Nos. 36-44 and 57 of Tianjin First City Project with a total gross floor area of 35,405.05 sq m were approved for construction.

According to Permit for Commencement of Construction Works No. 12107021200909002 dated 4 September 2009 issued by 天津市塘沽區建設管理委員會 (Tianjin Construction Management Committee of Tanggu District), Phase 2 Block Nos. 17 and 19 and Basement Carpark of Tianjin First City Project with a total gross floor area of 35,097.07 sq m were approved for construction.

(6) According to 8 Completion Filing Forms, Blocks 1-5 and 57-58 of Phases 1 and 2 have been recorded as completed. Phases 1 and 2 Tianjin First City Project belong to 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.). The total gross floor area is 24,631 sq m.

Form No.	**Issue date**	**Block no.**	**Gross floor area** *(sq m)*
2013(487)	27 December 2013	No. 58	2,560
2013(096)	11 April 2013	No. 1 underground car park	1,145
2013(097)	11 April 2013	No. 2 underground car park	837
2013(098)	11 April 2013	No. 3 underground car park	837
2013(099)	11 April 2013	No. 4 underground car park	10,085
2013(100)	11 April 2013	No. 5 underground car park	5,100
2013(101)	11 April 2013	No. 57, Phase 1	4,067
		Total	**24,631**

(7) As advised by the Company, portions of the property with a total gross floor area of approximately 381.69 sq m have been presold for a total consideration of approximately RMB6,744,201. We have included such presold portions and taken into account the presold considerations.

(8) According to Business Licence No. 120107000026462, 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) was established as a limited liability company with a registered capital of US$74,000,000 for a valid operation period from 18 January 2007 to 17 January 2027.

(9) According to the PRC legal opinion:

(i) 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.), as a development company, is in compliance with the PRC laws and legally established, has obtained business licence and is entitled to develop and operate the property;

(ii) 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) has fully settled all the land premium and tax and obtained Land Use Rights Certificate of the property;

(iii) 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) has obtained all necessary permits, approvals and legal documents for the actual development progress. Such permits, approvals and legal documents have not been revoked, modified, repealed or withdrawn;

(iv) 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) has obtained all necessary permits for the property and hence has the legal rights to sell any of the units within the permitted zone; and

(v) 天津伴山人家置業有限公司 (Tianjin Banshan Renjia Real Estate Co., Ltd.) has the legal rights to own, use, transfer or enforce in any other way legally with the building ownership and correspondingly the land use rights.

(10) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Completion Filing Form	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II – Property held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
3.	Phases 3 and 4, Chongqing Hongensi Project, No. K03-2/02, Partition K, Dashiba Block, Jiangbei District, Chongqing, the PRC	Phases 3 and 4 of Chongqing Hongensi Project form parts of a residential/commercial composite development erected upon a parcel of land with a total site area of approximately 195,055.30 sq m.	As at the valuation date, the property was under construction and is scheduled to be completed in phases between late 2014 and 2015.	RMB2,653,000,000 (50% interest to be acquired by the Group: RMB1,326,500,000)

The property comprises a total gross floor area of 453,878.31 sq m and the details are as follows:

Use	Approximate gross floor area *(sq m)*
Residential (high-rise)	285,885.48
Residential (garden villa)	56,854.13
Retail	32,082.21
Car park	77,203.84
Kindergarten	1,852.65
Total	**453,878.31**

The property is located at Hong En CBD Area, Jiangbei District, Chongqing. Developments nearby are mainly residential buildings.

The land use rights of the property have been granted for terms due to expire on 15 November 2059 for residential use and 15 November 2049 for retail use.

Notes:

(1) According to Certificate for the Use of State-owned Land No. 103D2013 (00418) dated 16 July 2013, the land use rights of Chongqing Hongensi Project, comprising a site area of 195,055.30 sq m, have been vested in 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) for land use terms due to expire on 15 November 2059 and 15 November 2049 for residential and retail uses respectively.

(2) According to Planning Permit for Construction Use of Land No. 500105200900568 dated 25 November 2009 issued by 重慶市規劃局 (Chongqing Planning Bureau), the construction site of the property with a site area of 223,927.00 sq m has been granted to 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) and is in compliance with urban planning requirements.

(3) According to Planning Permit for Construction Works No. 500105201400578 dated 22 October 2014 issued by 重慶市建設委員會 (Chongqing Construction Management Committee), the construction works for parts of No. K03-2/02, Partition K, Dashiba Block with a total gross floor area of 331,274.32 sq m are in compliance with the construction works requirements and the rights have been granted to 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.).

According to Planning Permit for Construction Works No. 500105201200113 dated 13 December 2012 issued by 重慶市規劃局 (Chongqing Planning Bureau), the construction works for parts of No. K03-2/02, Partition K, Dashiba Block with a total gross floor area of 135,275.56 sq m are in compliance with the construction works requirements and the rights have been granted to 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.).

(4) According to Permit for Commencement of Construction Works No. 500000201206010101 dated 1 June 2012 issued by 重慶市城鄉建設管理委員會 (Chongqing Construction Management Committee), the construction works for parts of No. K03-2/02, Partition K, Dashiba Block Project with a total gross floor area of 331,336.97 sq m were permitted to commence.

According to Permit for Commencement of Construction Works No. 500000201311220101 dated 22 November 2013 issued by 重慶市城鄉建設管理委員會 (Chongqing Construction Management Committee), the construction works for parts of No. K03-2/02, Partition K, Dashiba Block Project with a total gross floor area of 135,275.56 sq m were permitted to commence.

(5) According to Pre-sale Permit for Commodity Housing No. 2013 (404) dated 24 May 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 1 and 3 of Chongqing Hongensi Project with a total gross floor area of 41,543.80 sq m.

According to Pre-sale Permit for Commodity Housing No. 2013（262）dated 11 April 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 2 and 21 of Chongqing Hongensi Project with a total gross floor area of 39,384.36 sq m.

According to Pre-sale Permit for Commodity Housing No. 2013（940）dated 16 January 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 6 of Chongqing Hongensi Project with a total gross floor area of 19,524.38 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（428）dated 28 May 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 8 of Chongqing Hongensi Project with a total gross floor area of 5,077.06 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（507）dated 19 June 2014, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 9 of Chongqing Hongensi Project with a total gross floor area of 3,439.76 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（792）dated 5 September 2014, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 10 of Chongqing Hongensi Project with a total gross floor area of 3,439.76 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（301）dated 5 April 2014, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 5 and 12 of Chongqing Hongensi Project with a total gross floor area of 24,684.02 sq m.

According to Pre-sale Permit for Commodity Housing No. 2013（1129）dated 20 December 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 13 and 18 of Chongqing Hongensi Project with a total gross floor area of 23,175.22 sq m.

According to Pre-sale Permit for Commodity Housing No. 2013（838）dated 12 October 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 15 and 16 of Chongqing Hongensi Project with a total gross floor area of 10,154.12 sq m.

According to Pre-sale Permit for Commodity Housing No. 2012（849）dated 28 November 2012, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block Nos. 20 and 22 of Chongqing Hongensi Project with a total gross floor area of 39,227.99 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（065）dated 22 January 2014, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell retail of Block Nos. 23 and 24 of Chongqing Hongensi Project with a total gross floor area of 8,271.24 sq m.

According to Pre-sale Permit for Commodity Housing No. 2013（137）dated 18 March 2013, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 19 of Chongqing Hongensi Project with a total gross floor area of 19,805.62 sq m.

According to Pre-sale Permit for Commodity Housing No. 2014（508）dated 19 June 2014, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was permitted to pre-sell Block No. 1 of Chongqing Hongensi Project with a total gross floor area of 43,569.83 sq m.

(6) According to the information provided by 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.), portions of the property have been presold. Details are set out below:

Portion	Presold gross floor area *(sq m)*	Presold consideration *(RMB)*
Phase 3		
Residential (high-rise)	195,310.29	1,411,545,686
Residential (garden villa)	18,028.34	166,663,385
Retail	7,000.88	144,468,795
Kindergarten	1,852.65	8,336,925
Phase 4		
Residential (high-rise)	12,867.63	89,245,175

In the course of our valuation, we have included such presold portions and taken into account the presold considerations.

(7) According to the information provided by 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.), the expended construction cost of the property as at 30 September 2014 was approximately RMB933,400,000. The estimated total construction cost was approximately RMB1,248,000,000. In the course of our valuation, we have taken into account such costs.

(8) The development value of the property when completed as at 30 September 2014 was approximately RMB3,567,000,000.

(9) According to Business Licence No. 500000400015638, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) was established as a limited liability company with a registered capital of US$95,000,000 for a valid operation period from 23 April 2008 to 24 March 2028.

(10) According to the PRC legal opinion:

(i) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.), as a development company, is in compliance with the PRC laws and legally established, has obtained business licence and is entitled to develop and operate the property;

(ii) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has fully settled all the land premium and tax and obtained Land Use Rights Certificate of the property;

(iii) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has obtained all necessary permits, approvals and legal documents for the actual development progress. Such permits, approvals and legal documents has not been revoked, modified, repealed or withdrawn;

(iv) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has obtained all necessary permits for the property and hence has the legal rights to sell any of the units within the permitted zone; and

(v) 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, 重慶首創新石置業有限公司 (Chongqing Xinshi Real Estate Development Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.

(11) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit for Commodity Housing	Yes (part)
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors

(a) As at the Latest Practicable Date, none of the Directors, supervisors and the chief executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors of the Company).

(b) As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(c) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

(d) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

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

			Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Capital Group	924,441,900 [(1)]	Non-listed Shares	64.46 (long position)	27.33 (long position)	91.78	32.01 (long position)	13.57 (long position)	45.58
Beijing Sunshine Real Estate Comprehensive Development Company	275,236,200 [(2)]	Non-listed Shares	–	27.33 (long position)	27.33	–	13.57 (long position)	13.57
Beijing Capital Sunshine Real Estate Development Co., Ltd.	275,236,200 [(3)]	Non-listed Shares	–	27.33 (long position)	27.33	–	13.57 (long position)	13.57
China Resource Products Limited	275,236,200	Non-listed Shares	27.33 (long position)	–	27.33	13.57 (long position)	–	13.57
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	8.22 (long position)	–	8.22	4.08 (long position)	–	4.08
Fexi Holdings Limited	82,762,100 [(4)]	Non-listed Shares	–	8.22 (long position)	8.22	–	4.08 (long position)	4.08
Brocade City Holdings Limited	82,762,100 [(5)]	Non-listed Shares	–	8.22 (long position)	8.22	–	4.08 (long position)	4.08
Ngai Shu Susanna	82,762,100 [(6)]	Non-listed Shares	–	8.22 (long position)	8.22	–	4.08 (long position)	4.08
Reco Pearl Private Limited	165,070,000	H Shares	16.17 (long position)	–	16.17	8.14 (long position)	–	8.14
Recosia China Pte Ltd.	165,070,000 [(7)]	H Shares	–	16.17 (long position)	16.17	–	8.14 (long position)	8.14
Recosia Pte Ltd.	165,070,000 [(8)]	H Shares	–	16.17 (long position)	16.17	–	8.14 (long position)	8.14
Government of Singapore Investment Corporation (Realty) Pte Ltd.	165,070,000 [(9)]	H Shares	–	16.17 (long position)	16.17	–	8.14 (long position)	8.14
Templeton Asset Management Limited	101,470,000	H Shares	9.94 (long position)	–	9.94	5.00 (long position)	–	5.00

Notes:

1. Of these 924,441,900 Shares, 649,205,700 Shares are directly held by Capital Group, the remaining 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Sunshine Real Estate Development Co., Ltd. and China Resource Products Limited.

2. 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through Beijing Capital Sunshine Real Estate Development Co., Ltd. and China Resource Products Limited.

3. 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through China Resource Products Limited.

4. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited.

5. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited and Fexi Holdings Limited.

6. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited, Fexi Holdings Limited and Brocade City Holdings Limited.

7. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited.

8. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.

9. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd and Recosia Pte Ltd.

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

4. LITIGATION

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

5. MATERIAL CONTRACTS

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

(a) the framework agreement dated 8 November 2012 made between Beijing Heng Yuan Yin Xing Investment Management Limited, a wholly-owned subsidiary of the Company and Kunshan Chuang Bo Sheng Tuo Equity Investment Management Limited for the disposal, involving the disposal of the entire equity interest in Beijing Yong Yuan Jin Tai Investment Management Limited and the Shareholder's Loan with interest at a consideration of RMB825,650,000;

(b) the subscription agreement dated 22 November 2012 made between Central Plaza Development Ltd., the Subsidiary Guarantors (except for AG Wuxi Residential SRL) and HSBC as the Sole Global Coordinator and Sole Bookrunner in relation to the issue of CNY2,000,000,000 7.60% guaranteed bonds due 2015 by the Issuer;

(c) the subscription agreement dated 26 March 2013 made between Central Plaza Development Ltd., the Subsidiary Guarantors, HSBC as the sole global coordinator, joint lead manager and joint bookrunner and Credit Suisse as the joint lead manager and joint bookrunner in relation to the issue of USD400 million 8.375% senior perpetual capital securities by the Issuer;

(d) the framework Agreement dated 19 July 2013 between the Company and Zhuhai Hengqin Beijing Capital Land Guang He Cheng Equity Investment Fund (Limited Partner) for the disposal of the entire equity interest in Chongqing Shou Yong Property Limited and the Shareholder's Loan with interest at a considerations of RMB497,048,850;

(e) the share purchase agreement dated 8 November 2013 including the call option made between Lian Wang Limited, Mr. Choi Lim Chi, Get Thrive Limited and BCG Chinastar International Investment Limited for the purchase of 112,200,000 Shares, 19,800,000 Shares and 18,000,000 Shares, respectively, on a several and not joint and several basis, representing respectively 56.1%, 9.9% and 9% of the entire issued share capital of Juda International Holdings Limited at consideration of HK$351,120,000;

(f) the share purchase agreement dated 24 December 2013 made between the Company, Rueyyuan Holding Company Limited and ICBC International Investment Management Limited for the disposal of 63% of the issued share capital of Speed Plus Investments Limited at a consideration of US$146,000,037;

(g) the equity transfer agreement dated 30 December 2013 made between the Company, Beijing Shangboya Investment Consultant Company Limited and Beijing Yangguang Xunchi Investment Management Company Limited for the disposal of the entire equity interest in Beijing Litong Shangyi Investment Company Limited at a consideration of RMB710,520,000;

(h) the sale and purchase agreement dated 28 January 2014 entered into between the Reco Yanshan Private Limited, Diversified Elite Limited and the Company in relation to the disposal of the entire issued share capital of Bantex Investments Limited pursuant to the terms and conditions of the sale and purchase agreement, the CPL loan arrangement and the put option as set out in the circular published by the Company on 28 February 2014;

(i) the subscription agreement dated 10 February 2014 made between the Company, Central Plaza Development Ltd., International Financial Center Property Ltd. as the Guarantor and Bank of China (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as the Joint Lead Managers to carry out a drawdown under the "US$1,000,000,000 guaranteed medium term note and perpetual securities programme established on 10 February 2014" to offer and issue the drawdown notes in an aggregate nominal amount of CNY2,250,000,000 in two tranches as set out in the circular published by the Company on 28 February 2014;

(j) the Pricing Supplement dated 28 March 2014 was entered into between the Company, Central Plaza Development Ltd., International Financial Center Property Ltd. and DBS Bank Ltd. to carry out a drawdown under the "US$1,000,000,000 guaranteed medium term note and perpetual securities programme established on 10 February 2014" to offer and issue the Drawdown Notes in an aggregate nominal amount of CNY1,000,000,000 by way of private placement transaction and are to be consolidated and form a single series with the CNY2,000,000,000 5.75% notes due 2017 issued by the Issuer on 17 February 2014;

(k) the Framework Agreement dated 25 April 2014 was entered into between Beijing Rui Yuan Feng Xiang Property Limited ("Beijing RYFX") (北京瑞元豐祥置業有限公司) and Beijing Zhong Rui Kai Hua Investment Management Limited ("Beijing ZRKH") (北京中瑞凱華投資管理有限公司) and Zhuhai Hengqin Beijing Capital Land Zi Zhu Fang Equity Investment Centre (Limited Partner) (珠海橫琴首創置業自住房股權投資中心)(有限合夥), for the disposal of the entire equity interest in Beijing Tai Hao Sheng Yuan Property Limited (北京泰浩盛垣置業有限公司) and the Shareholder's Loan with interest, at the Consideration of approximately RMB564,984,600;

(l) the Equity Transfer Agreement dated 15 August 2014 entered into between Reco Ziyang and Asian Expert Limited in relation to Xi'an Acquisition at the consideration of approximately RMB937.6 million;

(m) the Equity Transfer Agreement dated 15 August 2014 entered into between Far Reaching Company Limited and Asian Expert Limited in relation to the transfer of the entire equity interest in Xi'an Capital Xin Kai Real Estate Ltd. at the consideration of a total of approximately RMB1,563 million;

(n) the Subscription Agreement dated 15 August 2014 entered into between Get Thrive Limited and Juda International Holdings Limited in relation to the subscription of convertible Preference Shares at the consideration of a total of approximately HK$1,963.4 million;

(o) the Shareholders' Agreement entered into between Beijing Capital Investment and Beijing Zhongzhi dated 18 September 2014 in relation to the increase of capital contribution to Beijing Liujin Property Limited;

(p) the Tianjin Equity Transfer Agreement and Chongqing Equity Transfer Agreement dated 4 November 2014 made between Star Key, First Base and Reco Ziyang in relation to the Tianjin Acquisition and Chongqing Acquisition at a consideration of approximately RMB224.62 million and RMB581.74 million, respectively;

(q) the Non-Competition Deed dated 13 November 2014 and executed by each of the Company and Juda International Holdings Limited mutually in favour of each other incidental to the sale of 100% equity interest of Xi'an Capital Xin Kai Real Estate Ltd. by Asian Expert Limited to Far Reaching Company Limited; and

(r) the Limited Partnership Agreement dated 19 November 2014 entered into between Zhuhai Hengqin Shouju Chuangxin Equity Investment Fund Management Company Limited*（珠海橫琴首聚創信股權投資基金管理有限公司）, which 40% equity interest is held by the Company, as the general partner, Zhuhai Hengqin Ruiyuan Equity Investment Enterprise (Limited Partner)*（珠海橫琴瑞元滙金股權投資企業(有限合夥)）, which equity is indirectly wholly-owned by the Company, as the intermediate limited partner and other investors as the preferential limited partner and secondary limited partners at a total capital commitment of RMB2,200,000,000.

* *The English names of the PRC entities are translations of their Chinese names and are included for identification purpose only*

6. QUALIFICATION

The following is a qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Kingsway	a licenced corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as set out in schedule 5 of the SFO
PricewaterhouseCoopers	Certified Public Accountants
DTZ	Independent property valuer

As at the Latest Practicable Date, each of Kingsway, PricewaterhouseCoopers and DTZ was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2013 (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.

7. CONSENT

Each of Kingsway, PricewaterhouseCoopers and DTZ has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter, report or certificate or summary of its opinion (as the case may be) and references to its name in the form and context in which they appear herein.

8. MATERIAL CHANGE

Regarding the purchase of 60% interest in Xi'an Capital Xin Kin Real Estate Ltd. from Reco Ziyang, after taking into account the financial resources available to the Enlarged Group, including internally generated funds and the available banking facilities, the Company considered that there is no material change to the financial or trading position of the Group arising out of the purchase. On 15 August 2014, Asian Expert Limited, an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement to purchase 60% equity interest of Xi'an Capital Xin Kai Real Estate Ltd. from Reco Ziyang. On the same day, Asian Expert Limited entered into entered into an equity transfer agreement with Far Reaching Company Limited, an indirect wholly-owned subsidiary of Juda International Holdings Limited, a 65.1% held subsidiary of the Company whose shares are listed on the Stock Exchange, for the disposal of 100% equity interest in Xi'an Capital Xin Kai Real Estate Ltd. (the "**Disposal**"). The Disposal is conditional and subject to inter alia, the completion of the Xi'an Acquisition. Details of the Xi'an Acquisition and the Disposal were set out in the announcement dated 15 August 2014 jointly issued by the Company and Juda International Holdings Limited. As disclosed in the aforementioned announcement, it is expected that there will be no material gain or loss for the Company arising from the Disposal since Xi'an Capital Xin Kai Real Estate Ltd. will remain an indirect non wholly-owned subsidiary of the Company and its accounts will be consolidated into the accounts of the Company and the difference between the proceeds from the Disposal and the decrease of the shared net assets of the subsidiary is adjusted to capital surplus (share premium).

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date.

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the place of business of the Company in Hong Kong at Suites 2906-08, AIA Central, 1 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the Articles;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(c) the accountant's report on the financial information of Tianjin Target Company, the text of which is set out in Appendix II to this circular;

(d) the accountant's report on the financial information of Chongqing Target Company, the text of which is set out in Appendix III to this circular;

(e) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(f) the valuation report prepared by DTZ on the Properties of Tianjin Target Company and Chongqing Target Company, the text of which is set out in Appendix V to this circular;

(g) the written consents referred to in paragraph 7 in this appendix;

(h) the letter from Kingsway;

(i) the letter addressed to the Independent Shareholders from the Independent Board Committee, the text of which is set out on page 22 of this circular;

(j) the annual reports of the Company for the financial years ended 31 December 2011, 2012 and 31 December 2013 respectively;

(k) the interim report of the Company for the six months ended 30 June 2014; and

(l) circular(s) of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

11. MISCELLANEOUS

(a) The legal address of the Company is at Room 501, No.1, Yingbinzhong Road, Huairou District, Beijing, PRC.

(b) The principal place of business of the Company in the PRC is at F17, Red Goldage, No.2, Guang Ning Bo Street, Beijing, PRC.

(c) The principal place of business of the Company in Hong Kong is at Suites 2906-08, AIA Central, 1 Connaught Road Central, Hong Kong.

(d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The secretary of the Company is Mr. Lee Sze Wai, who is a member of the Hong Kong Institute of Certified Public Accountants.

(f) In the event of any inconsistencies, the English text of this circular and form of proxy shall prevail over the Chinese text.

首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Beijing Capital Land Ltd. (the "**Company**") will be held on Friday, 12 December 2014 at 9:00 a.m. at F17, Red Goldage, No.2, Guang Ning Bo Street, Beijing, People's Republic of China (the "**PRC**") to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

"**THAT**:

1. (a) the Tianjin Equity Transfer Agreement (as defined and described in the circular of the Company dated 27 November 2014 (the "**Circular**"), a copy of the Tianjin Equity Transfer Agreement signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "A") made between Star Key Limited (an indirect wholly-owned subsidiary of the Company) and Reco Ziyang Pte Ltd ("**Reco Ziyang**") and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) the board of directors of the Company be and is hereby generally and unconditionally authorized to do all such acts and things and execute all such documents and to take all such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Tianjin Equity Transfer Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the board of directors of the Company, in the interest of the Company.

2. (a) the Chongqing Equity Transfer Agreement (as defined and described in the circular of the Company dated 27 November 2014 (the "**Circular**"), a copy of the Chongqing Equity Transfer Agreement signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "B") made between First Base Properties Limited (an indirect wholly-owned subsidiary of the Company) Reco Ziyang Pte Ltd ("**Reco Ziyang**") and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) the board of directors of the Company be and is hereby generally and unconditionally authorized to do all such acts and things and execute all such documents and to take all such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Chongqing Equity Transfer Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the board of directors of the Company, in the interest of the Company."

By order of the board of
Beijing Capital Land Ltd.
Lee Sze Wai
Company Secretary

Hong Kong, 27 November 2014

Notes:

(1) Registration procedures for the EGM

Shareholders who intend to attend the EGM have to return the reply slip together with any necessary registration documents to the Company in person or by post or fax on or before Thursday, 4 December 2014.

(2) Proxy

i. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy need not be a Shareholder.

ii. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority, shall be deposited by holders of domestic promoter shares or non-H foreign Shares at the place of business of the Company in the PRC not less than 24 hours before the time for holding of the EGM, or by the holder of H Shares at the place of business of the Company in Hong Kong or to the H Share registrar of the Company by such time. The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by such time.

iii. Shareholders or their proxies shall produce their identification documents when attending the EGM.

(3) Miscellaneous

i. The duration of the EGM is expected not to exceed half a day. Shareholders who attend the EGM shall arrange for their own transportation and accommodation at their own expenses.

ii. All voting at the EGM will be conducted by poll.

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

F17, Red Goldage
No.2, Guang Ning Bo Street
Beijing, PRC

Telephone: 86-10-6652 3000

Facsimile: 86-10-6652 3171

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

Suites 2906-08, AIA Central,
1 Connaught Road Central,
Hong Kong

Telephone: 852-2869 9098

Facsimile: 852-2869 9708