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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your 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 Grand Limited**, you should at once hand this circular 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.

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

**MAJOR ACQUISITION  
ACQUISITION OF LAND USE RIGHTS  
IN NANNING, THE PRC**

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

A letter from the Board is set out on pages 4 to 8 of this circular.

18 October 2018

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## DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land through public bidding process at the Auction
“Articles”	the articles of association of the Company adopted on 14 March 2012, as may be amended from time to time
“Auction”	the public auction held by the Land Resources Bureau at which the Land was offered for sale
“BCL”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated in the PRC with limited liability on 5 December 2002, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868), a connected person of the Company under Rule 14A.07 of the Listing Rules
“BECL”	BECL Investment Holding Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of BCL and a connected person of the Company under Rule 14A.07 of the Listing Rules
“Board”	the board of Directors
“Capital Group”	Beijing Capital Group Co., Ltd.* (北京首都創業集團有限公司), a state-owned enterprise incorporated in the PRC on 26 October 1994 and under the direct supervision of the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality and a connected person of BCL and the Company, respectively, under Rule 14A.07 of the Listing Rules
“Class A Convertible Preference Shares”	Class A limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in issue in the share capital of the Company
“Class B Convertible Preference Shares”	Class B limited-voting non-redeemable convertible preference shares of par value HK\$0.01 each in the share capital of the Company

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## DEFINITIONS

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“Company”	Beijing Capital Grand Limited (首創鉅大有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Confirmation Letter”	the confirmation letter of land transaction by Auction* (掛牌出讓成交確認書) entered into between Shanghai Juque and the Land Resources Bureau confirming the Acquisition at the Auction on 6 July 2018
“Consideration”	a total sum of RMB362,516,113, being the price for the grant of the land use rights of the Land
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land located in the south of Kunlun Avenue and east of Tanggen Road, Xingning District, Nanning (南寧市興寧區昆侖大道以南、塘根路以東) with a total site area of 101,973.59 square meters (equivalent to 152.96 mu) which was offered for sale at the Auction
“Land Resources Bureau”	Nanning Municipal Bureau of Land and Resources*(南寧市國土資源局)
“Land Use Rights Grant Contract”	the land use rights grant contract* (國有建設用地使用權出讓合同) entered into between Shanghai Juque and the Land Resources Bureau in respect of the Land
“Latest Practicable Date”	15 October 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Project Company”	Nanning Juda Outlets Limited* (南寧鉅大奧特萊斯置業有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company

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## DEFINITIONS


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“PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under the Listing Rules
“PRC law”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Juque”	Shanghai Juque Investment Management Co., Ltd.* (上海鉅譽投資管理有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*The shareholding of the respective Shareholder in the Company as disclosed in this circular refers to the percentage shareholding of such Shareholder to the issued share capital of the Company, without taking into account the non-redeemable convertible preference shares issued by the Company or the potential effect on the shareholding upon conversion of the non-redeemable convertible preference shares, unless otherwise stated.*

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

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

**CAPITAL  GRAND**  
**BEIJING CAPITAL GRAND LIMITED**  
**首創鉅大有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1329)**

*Executive Directors:*

Mr. Zhong Beichen (*Chairman*)  
Mr. Feng Yujian (*Chief Executive Officer*)

*Non-executive Directors:*

Mr. Sun Shaolin  
Mr. Wang Hao  
Mr. Wang Honghui  
Mr. Yang, Paul Chunyao

*Independent non-executive Directors:*

Dr. Ngai Wai Fung  
Ms. Zhao Yuhong  
Mr. He Xiaofeng

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

Suites 4602-05  
One Exchange Square  
Central  
Hong Kong

18 October 2018

*To the Shareholders, the convertible preference shares holders and the perpetual convertible bond securities holders (for information only)*

Dear Sir or Madam,

**MAJOR ACQUISITION  
ACQUISITION OF LAND USE RIGHTS  
IN NANNING, THE PRC**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 6 July 2018. On 6 July 2018, Shanghai Juque, a wholly-owned subsidiary of the Company, obtained the Confirmation Letter approving the bid of the land use rights of the Land offered for sale by the Land Resources Bureau at the Auction for a total consideration of RMB362,516,113. The Land Use Rights Grant Contract in relation to the Acquisition was entered into between Shanghai Juque and the Land Resources Bureau on 19 July 2018. Shanghai Juque has established the Project Company for the purpose of the construction and operation of outlets-backed commercial integrated project on the Land. On 8 August 2018, a supplemental land use rights grant contract was entered into between Shanghai Juque, the Project Company and the Land Resources Bureau for transferring the ownership of the Land to the Project Company. As at the Latest Practicable Date, the Company indirectly through the Project Company held the entire interest in the Land.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, further details of the Acquisition and such other information as required under the Listing Rules.

### II. THE CONFIRMATION LETTER

Date : 6 July 2018

Parties : (1) Shanghai Juque, a wholly-owned subsidiary of the Company;

(2) the Land Resources Bureau.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Land Resources Bureau and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

Code of the Land : GC2018-050

Location of the Land : South of Kunlun Avenue and east of Tanggen Road, Xingning District, Nanning\* (南寧市興寧區昆侖大道以南、塘根路以東)

Total site area : 101,973.59 square meters (equivalent to 152.96 mu)

Nature of the land use rights : Wholesale and retail, accommodation and catering, as well as logistics and warehousing uses

Term of the land use rights : 40 years for wholesale and retail use, 40 years for accommodation and catering use, 50 years for logistics and warehousing use

Consideration : a total sum of RMB362,516,113 (including a security deposit of RMB72,550,000 for the Auction which has already been paid), which was the same as (i.e. at no premium above) the reserve price as stipulated by the Land Resources Bureau in its public announcement in respect of the Auction. The details of the payment terms of the Consideration are set out in the Land Use Rights Grant Contract.

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## LETTER FROM THE BOARD

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### III. MAJOR TERMS OF THE LAND USE RIGHTS GRANT CONTRACT

- Date : 19 July 2018
- Parties : (1) Shanghai Juke (as the transferee);  
(2) the Land Resources Bureau (as the transferor).
- Payment terms of the Consideration : (1) 50% of the Consideration (being RMB181,258,057) shall be payable prior to 17 August 2018 (the security deposit of RMB72,550,000 which had been paid was used to set off part of the payment);  
(2) the remaining 50% of the Consideration (being RMB181,258,056) shall be payable prior to 16 September 2018
- Commencement of construction : On or before 15 October 2019
- Completion of construction : On or before 15 October 2022
- Conditions of the land use right : (a) the plot ratio shall be more than 1.0 and no more than 1.5;  
(b) the building height limit shall be 24 metres;  
(c) the green space ratio shall be 20% or more;  
(d) the building density shall be no more than 50%; and  
(e) 62% to 65% of the total gross floor area shall be for wholesale and retail use; 28% to 30% shall be for logistics and warehousing use; and the remaining shall be for accommodation and catering use.

The payment of the Consideration was solely funded by internal resources of the Group.

Shanghai Juke has established the Project Company for the purposes of the construction and operation of outlets-backed commercial integrated project on the Land. On 8 August 2018, a supplemental land use rights grant contract was entered into between Shanghai Juke, the Project Company and the Land Resources Bureau for transferring the ownership of the Land to the Project Company. As at the Latest Practicable Date, the Company indirectly through the Project Company held the entire interest in the Land.

### IV. REASONS FOR AND BENEFITS OF THE ACQUISITION

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



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## LETTER FROM THE BOARD

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commercial property projects in the PRC. Under its 5-year strategy plan (十三五戰略計劃) adopted in December 2015, the Company, with the goal to become one of the largest outlets operator in the PRC, has a clear focus on the development and operation of outlets-backed commercial integrated projects. The Xingning District, where the Land is located, is a key development area in the eastern part of Nanning which focuses on ecological residence, tourism and leisure, modern business and commerce services and high-end emerging industries. The Land, adjacent to the main roads of Kunlun Avenue and Xinggong Road, is within 5 kilometers from several tourist attractions of 4A rating. Given its advantageous geographical location and the convenient transportation system and rich tourism resources in its surroundings, the Board considers that the Land is suitable and of good prospect for the development of outlets-backed commercial integrated project. Therefore, the Board believes that the Acquisition is in line with the Group's focus on the development and operation of outlets-backed commercial integrated projects and provide an excellent investment opportunity for the Group to expand its outlets business and portfolio.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable.

### V. INFORMATION OF THE PARTIES

Both Shanghai Juque and the Project Company are wholly-owned subsidiaries of the Company and are investment holding companies.

The Land Resources Bureau is a PRC Governmental Body and the seller of the Land. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Land Resources Bureau and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

### VI. FINANCIAL EFFECTS OF THE ACQUISITION OF THE COMPANY

As the Group financed 100% of the Consideration using its existing internal resources, the total investment properties and inventories of the Group was increased by approximately RMB362,516,113 and the net cash position was decreased by approximately RMB362,516,113 accordingly. As such, the total assets and the total liabilities of the Group did not have any material change as a result of the Acquisition. The Company considers that there was not any material effect on the earnings of the Group as a result of the Acquisition.

### VII. LISTING RULES IMPLICATIONS

Since the applicable percentage ratios in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constituted a major acquisition under Chapter 14 of the Listing Rules. The Acquisition was regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as the Acquisition involved an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC law, which was undertaken by the Group as a qualified issuer under Rule 14.04(10B) of the Listing Rules on a sole basis in its ordinary and usual course of business. The Acquisition was subject to reporting and announcement requirements but was exempt from Shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

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## LETTER FROM THE BOARD

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### VIII. ADDITIONAL INFORMATION

The Directors believe that the terms of the Confirmation Letter and the Land Use Rights Grant Contract and the transaction contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. None of the Directors have any material interest in the Confirmation Letter or the Land Use Rights Grant Contract.

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

Yours faithfully,  
For and on behalf of the Board of  
**Beijing Capital Grand Limited**  
**Zhong Beichen**  
*Chairman*

## 1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 and the six months period ended 30 June 2018 are disclosed in the following documents which have been published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.bcgrand.com>):

- interim report of the Group for the six months period ended 30 June 2018 published on 29 August 2018 (pages 21 to 68) (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0829/LTN20180829866.pdf>);
- annual report of the Group for the year ended 31 December 2017 published on 9 March 2018 (pages 69 to 154) (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0309/LTN20180309882.pdf>);
- annual report of the Group for the year ended ended 31 December 2016 published on 6 March 2017 (pages 53 to 130) (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0306/LTN20170306583.pdf>); and
- annual report of the Group for the year ended 31 December 2015 published on 24 March 2016 (pages 36 to 102) (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0324/LTN20160324480.pdf>).

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2018, 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 RMB8,614,266,000 comprising:

- (a) outstanding bank borrowings of approximately RMB3,375,906,000 among which RMB805,003,000 were secured by certain relevant properties and land use rights; RMB2,218,889,000 were secured by certain relevant properties and land use rights, and secured by guarantee provided by the Company or BCL; RMB264,800,000 were secured by guarantee provided by BCL; RMB87,214,000 were unsecured;
- (b) outstanding other borrowings of approximately RMB2,500,000,000 secured by guarantee provided by BCL; and
- (c) guaranteed notes of approximately RMB2,738,360,000 guaranteed by the Company and with the benefit of the keepwell and liquidity support deed by the Capital Group.

As at 31 August 2018, the Group provided guarantees amounted to RMB1,419,617,000 to secure repayments obligations of mortgage loan for certain customers.

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 31 August 2018 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 are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, the effect of the Acquisition and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

### **4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated accounts of the Group were made up.

### **5. FINANCIAL AND TRADING PROSPECTS**

As disclosed in 2018 interim report of the Company, gross revenue of the Group amounted to RMB391,236,000 for the six months ended 30 June 2018. Gross profit and net profit of the Group amounted to RMB169,431,000 and RMB12,449,000 respectively for the six months ended 30 June 2018. Total assets and total equity amounted to approximately RMB15,931,452,000 and RMB5,756,045,000 respectively as at 30 June 2018.

The Group's liquidity remained on a healthy level and financial resources were also reasonably distributed. As at 30 June 2018, the Group's cash and cash equivalents and restricted cash totalled RMB3,509,617,000, of which approximately RMB3,506,340,000 and approximately RMB3,277,000 were denominated in RMB and Hong Kong dollars respectively. The majority of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default. As at 30 June 2018, the Group's net gearing ratio was 58%, based on the division of net debt by total equity.

In August 2018, a wholly-owned subsidiary of the Company, Trade Horizon Global Limited, issued floating rate guaranteed notes due 2021 amounting to US\$400,000,000, for which the Group has entered into a structured cross currency swap agreement to manage the exchange risk thereof.

Consistent with the strategy of the Group, the Company aims to offer diverse product types in terms of the variety of property-mix and attract brand-name retailers as tenants for its outlets-backed commercial integrated property projects. The Company will continue to enhance its property portfolio by acquiring land and acquiring and developing other outlets-backed commercial integrated projects.

Save and except for the transactions already disclosed in announcements and circulars of the Company prior to the Latest Practicable Date and acquisitions, disposals and investments in joint ventures by the Group in its ordinary course of business which have not materialized into and/or constituted discloseable inside information of the Company as at the Latest Practicable Date, the Company did not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about (i) the acquisition of any new business; (ii) any disposal, scaling-down and/or termination of its existing business and/or major operating assets; and (iii) the injection of any new business to the Group.

**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 INTEREST BY DIRECTORS**

- (a) As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.
- (b) As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable 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 2017 (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**

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were,

directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity	Number of Shares	Approx. % of total issued Shares	Number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and perpetual convertible bond securities at initial conversion price of HK\$2.10 per share	Total interests	Approx. % of total interests to total issued share capital
BCG Chinastar International Limited	Beneficial owner	19,800,000	2.06%	—	19,800,000	2.06%
BECL	Beneficial owner	701,353,846	72.94%	1,072,928,106 <i>(Note 5)</i>	1,774,281,952	184.53%
BCL	Interest of controlled corporation <i>(Note 1)</i>	701,353,846	72.94%	1,072,928,106 <i>(Note 5)</i>	1,774,281,952	184.53%
Capital Group	Interest of controlled corporation <i>(Note 2)</i>	721,153,846	75%	1,072,928,106 <i>(Note 5)</i>	1,794,081,952	186.58%
Smart Win Group Limited	Beneficial owner	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Land (Hong Kong) Limited	Interest of controlled corporation <i>(Note 3)</i>	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Faith Ocean International Limited	Interest of controlled corporation <i>(Note 3)</i>	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Shine Wind Development Limited	Interest of controlled corporation <i>(Note 3)</i>	95,192,308	9.9%	313,140,124	408,332,432	42.47%

Name of Shareholder	Capacity	Number of Shares	Approx. % of total issued Shares	Number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and perpetual convertible bond securities at initial conversion price of HK\$2.10 per share	Total interests	Approx. % of total interests to total issued share capital
Sino-Ocean Group Holding Limited	Interest of controlled corporation (Note 3)	95,192,308	9.9%	313,140,124	408,332,432	42.47%
KKR CG Judo Outlets	Beneficial owner	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR CG Judo	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Fund L.P.	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Associates China Growth L.P.	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Limited	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Fund Holdings L.P.	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Fund Holdings GP Limited	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Name of Shareholder	Capacity	Number of Shares	Approx. % of total issued Shares	Number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and perpetual convertible bond securities at initial conversion price of HK\$2.10 per share	Total interests	Approx. % of total interests to total issued share capital
KKR Group Holdings Corp.	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR & Co. Inc. (formerly known as KKR & Co. L.P.)	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Management LLC	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Henry Robert Kravis	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Roberts George R.	Interest of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%

*Notes:*

1. Total interests in 1,774,281,952 Shares were deemed to be the corporation interest under the SFO.
2. Total interests in 1,794,081,952 Shares were deemed to be the corporation interest under the SFO.
3. Total interests in 408,332,432 Shares were deemed to be the corporation interest under the SFO.
4. Total interests in 295,238,095 Shares were deemed to be the corporation interest under the SFO.
5. On 19 December 2016, the Company issued 905,951,470 Class B Convertible Preference Shares to BECL. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into Shares.



As shown in the table above, BCL and BECL are companies which interests fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Zhong Beichen is an executive director of BCL and also a director of BECL.

#### 4. 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 subscription agreement entered into between KKR CG Judo Outlets (“**KKR**”) and the Company on 25 November 2016, pursuant to which KKR agreed to subscribe for, and the Company agreed to issue 95,192,308 Shares at the issue price of HKD2.10 per Share and perpetual convertible bond securities in the principal amount of HKD420,096,153;
- (b) the subscription agreement entered into between Smart Win Group Limited (“**Smart Win**”) and the Company on 25 November 2016, pursuant to which Smart Win agreed to subscribe for, and the Company agreed to issue 95,192,308 Shares at the issue price of HKD2.10 per Share and perpetual convertible bond securities in the principal amount of HKD657,594,260;
- (c) the capital injection agreement entered into among Jiangxi Capital Outlets Development Company Limited\* (江西首創奧特萊斯置業有限公司) (a wholly-owned subsidiary of the Company), Beijing Yulong Hengxin Commercial Management Company Ltd.\* (北京裕龍恒鑫商業管理有限公司) (“**Yulong Hengxin**”) and Nanchang Huachuang Xinhong Capital Limited\* (南昌華創興洪置業有限公司) (“**Huachuang Xinhong**”) on 26 July 2017 in relation to capital injection by Yulong Hengxin to Huachuang Xinhong;
- (d) the subscription agreement dated 26 July 2018 entered into between Trade Horizon Global Limited (“**Trade Horizon**”) (a wholly-owned subsidiary of the Company), the Company, the Capital Group, The Hongkong and Shanghai Banking Corporation Limited, DBS Bank Ltd., China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Orient Securities (Hong Kong) Limited in connection with the international offering of U.S.\$400,000,000 floating rate guaranteed notes with maturity date in 2021 (the “**Guaranteed Notes**”) by Trade Horizon;
- (e) a structured cross currency swap agreement entered into between Trade Horizon and The Hongkong and Shanghai Banking Corporation Limited on 3 August 2018 for the purpose of managing the exchange risk of the Guaranteed Notes; and
- (f) an amended non-competition deed entered into between BCL and the Company on 10 October 2018, the taking effect of which is subject to the satisfaction of certain conditions precedent (details of which are disclosed in the joint announcement of BCL and the Company dated 10 October 2018).

**5. LITIGATION AND CLAIMS**

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

**6. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Zhong Beichen is the President and an executive director of BCL.

BCL is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868). It is a leading large integrated real estate developer in the PRC, focusing primarily on developing the four main business streams of residential properties, outlets-backed commercial integrated properties (through the Group), urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industry properties and cultural and creative industries.

On 13 November 2014, the Company entered into a non-competition deed with BCL (details of which are disclosed in the circular of the Company dated 26 November 2014). On 8 June 2016, the Company entered into an amended non-competition deed with BCL, replacing the original non-competition deed (details of which are disclosed in the circular of the Company dated 30 June 2016). On 10 October 2018, the Company entered into a second amended non-competition deed with BCL to replace the existing amended non-competition deed subject to satisfaction of certain conditions precedent (details of which are disclosed in the joint announcement of BCL and the Company dated 10 October 2018). Accordingly, as at the Latest Practicable Date, none of the Directors or their respective close associates had an interest in any business which competes or is likely to compete with the business of the Group.

**7. GENERAL**

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Mr. Lee Sze Wai, who is a member of the Hong Kong Institute of Certified Public Accountants.

The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Suites 4602-05, One Exchange Square, Central, Hong Kong. The transfer office of the Company is Tricor Investor Services Limited, Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the place of business of the Company in Hong Kong unless (i) a tropic cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, except public holidays, for a period of 14 days from the date of this circular:

- (i) the Articles;
- (ii) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in the circular;
- (iii) the annual reports of the Company for the two years ended 31 December 2016 and 31 December 2017;
- (iv) a copy of each of the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (v) this circular.