

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “**Board**” or the “**Directors**”) of Beijing Capital Grand Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with comparative amounts for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	Year ended 31 December	
		2023	2022
			(Restated)
		<i>RMB'000</i>	<i>Note 11</i>
		<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations			
Revenue	5	2,123,739	935,898
Cost of sales	6	<u>(1,802,781)</u>	<u>(613,746)</u>
Gross profit		<u>320,958</u>	<u>322,152</u>
Other gains – net	5	417,141	17,338
Other income	5	39,717	27,069
Selling and marketing expenses	6	(160,209)	(84,393)
Administrative expenses	6	<u>(250,537)</u>	<u>(247,677)</u>
Operating profit		<u>367,070</u>	<u>34,489</u>
Finance costs	7	(607,841)	(504,015)
Share of losses of investments accounted for using the equity method		<u>(5,478)</u>	<u>(10,480)</u>
Loss before income tax		(246,249)	(480,006)
Income tax expenses	8	<u>(70,211)</u>	<u>(67,921)</u>
Loss from continuing operations		<u>(316,460)</u>	<u>(547,927)</u>
Profit from discontinued operations	11	<u>330,221</u>	<u>154,658</u>
Profit/(loss) for the year		<u><u>13,761</u></u>	<u><u>(393,269)</u></u>
Attributable to:			
– Ordinary equity holders of the Company		<u>8,734</u>	<u>(393,288)</u>
– Non-controlling interests		<u>5,027</u>	<u>19</u>
Losses per share for loss from continuing operations attributable to ordinary equity holders of the Company during the year			
– Basic losses per share (RMB cents)	10	(12.55)	(21.54)
– Diluted losses per share (RMB cents)	10	<u>(12.55)</u>	<u>(21.54)</u>
Earnings/(losses) per share for profit/(loss) attributable to ordinary equity holders of the Company during the year			
– Basic earnings/(losses) per share (RMB cents)	10	0.33	(15.45)
– Diluted earnings/(losses) per share (RMB cents)	10	<u>0.33</u>	<u>(15.45)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023	2022
		(Restated)
		<i>Note 11</i>
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	<u>13,761</u>	<u>(393,269)</u>
Other comprehensive income/(loss) for the year		
Items that may be reclassified to profit or loss		
Cash flow hedges	(85,617)	67,026
Cost of hedging	<u>80,289</u>	<u>(70,335)</u>
	<u>(5,328)</u>	<u>(3,309)</u>
Total comprehensive income/(loss) for the year	<u><u>8,433</u></u>	<u><u>(396,578)</u></u>
Attributable to:		
– Ordinary equity holders of the Company	3,406	(396,597)
– Non-controlling interests	<u>5,027</u>	<u>19</u>
Total comprehensive income/(loss) for the year		
Attributable to ordinary equity holders of the Company		
arises from:		
– Continuing operations	(324,648)	(551,665)
– Discontinued operations	<u>328,054</u>	<u>155,068</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

		As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		169,475	182,827
Right-of-use assets		7,893	10,694
Long-term prepaid expenses		45,441	65,704
Investment properties		13,143,600	14,725,509
Intangible assets and lease prepayment		33,058	34,555
Investments accounted for using the equity method		307,618	299,185
Derivative financial assets		–	105,386
Trade and other receivables and prepayments	<i>12</i>	11,663	28,923
Total non-current assets		13,718,748	15,452,783
Current assets			
Inventories		2,143,262	2,690,328
Incremental costs of obtaining a contract		3,989	7,787
Trade and other receivables and prepayments	<i>12</i>	573,557	449,030
Restricted cash		21,177	72,705
Cash and cash equivalents		1,470,508	1,137,660
Total current assets		4,212,493	4,357,510
Total assets		17,931,241	19,810,293
LIABILITIES			
Non-current liabilities			
Borrowings		2,643,815	4,630,476
Lease liabilities		6,439	8,735
Other payables and accruals	<i>14</i>	3,148,467	5,959,018
Deferred income tax liabilities		807,155	903,898
Total non-current liabilities		6,605,876	11,502,127

		As at 31 December 2023	As at 31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade payables	<i>13</i>	1,933,782	1,835,198
Other payables and accruals	<i>14</i>	3,187,984	363,653
Contract liabilities		195,564	319,165
Borrowings		1,553,354	1,314,301
Lease liabilities		1,797	2,861
Current income tax liabilities		53,707	79,513
Total current liabilities		<u>6,926,188</u>	<u>3,914,691</u>
Total liabilities		<u>13,532,064</u>	<u>15,416,818</u>
Net current (liabilities)/assets		<u>(2,713,694)</u>	<u>442,819</u>
Total assets less current liabilities		<u>11,005,054</u>	<u>15,895,602</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital	<i>15</i>	16,732	16,732
Perpetual convertible bond securities	<i>17</i>	945,854	945,755
Reserves		3,234,069	3,237,543
Retained earnings		147,729	139,094
		<u>4,344,384</u>	<u>4,339,124</u>
Non-controlling interests		<u>54,793</u>	<u>54,351</u>
Total equity		<u>4,399,177</u>	<u>4,393,475</u>
Total equity and liabilities		<u>17,931,241</u>	<u>19,810,293</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Beijing Capital Grand Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in commercial property development with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the Mainland (“**Mainland China**”) of People’s Republic of China (the “**PRC**”).

The immediate holding company of the Company is Beijing Capital Land Co., Ltd. (“**BCL**, formerly “Beijing Capital Land Ltd.”), whereas BECL Investment Holding Limited (“**BECL**”) holds approximately 2.1% share capital in the Company. Beijing Capital City Development Ltd. (“**BCCD**”) is an intermediate holding company of the Company. In the opinion of the board of Directors (the “**Directors**”), the ultimate holding company of the Company is Beijing Capital Group Ltd. (“**Capital Group**”), a state-owned enterprise established in the PRC.

Unless otherwise stated, the consolidated financial statements are presented in Renminbi (“**RMB**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved and authorised for issue by the Directors on 27 February 2024.

2 BASIS OF PREPARATION

- (a) The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- (b) During the year, the Group reported a net profit of RMB13,761,000, which comprised of a loss from continuing operations of RMB316,460,000 and a profit from discontinued operations of RMB330,221,000. As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB2,713,694,000. Included in the current liabilities repayable within one year from 31 December 2023 were other financial institution borrowings totalling RMB1,502,521,000 repayable in June and July 2024, and other payables related to Asset-backed Securities Scheme, senior class of RMB2,699,148,000 wholly redeemable in December 2024. As of 31 December 2023, the Group had cash and cash equivalents of RMB1,470,508,000.

Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. A number of measures have been put in place by management to improve the financial position and alleviate the liquidity pressure including:

- (i) Management is in discussion with the financial institution for an extension of the borrowing facility in the principal of RMB1,500,000,000 where the financial institution has indicated its intention to grant an approval for the renewal;
- (ii) Management currently plans to re-finance the redemption of the Asset-backed Securities Scheme, senior class by a new loan facility of approximately RMB2,700,000,000 through pledge of certain of the Group's investment properties. Management is in discussion with several financial institutions for the potential new loan facility. Management is in the opinion that the Group will be able to secure the required facility for the redemption; and
- (iii) In addition, BCCD, an intermediate holding company of the Company, has confirmed their intention to provide financial support to the Group as and when the debts fall due.

Management has prepared a cash flow projection, which covers a period of not less than twelve months from 31 December 2023. The Directors of the Company have reviewed the Group's cash flow projection prepared by management and are of the opinion that the Group will have sufficient financial resources, including financing facilities available to the Group, to finance its operations and to meet its financial obligations as at and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Changes in accounting policy and disclosures

(i) *New and amended standards adopted by the Group*

The Group has applied the following amendments or annual improvements for the first time for its annual reporting period commencing 1 January 2023:

- HKFRS 17 – Insurance Contracts
- Definition of Accounting Estimates – amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 OPERATING SEGMENT INFORMATION

The Directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors for the purposes of allocating resources and assessing performance.

The Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation and sale of merchandise inventories. The segment of property development derives its revenue primarily from sale of completed properties. The segment of investment property development and operation derive its revenue primarily from rental income. The segment of sale of merchandise inventories derives its revenue primarily from sale of merchandise inventories.

These operations of other segments are excluded from the reportable operating segments, as these operations are not the key concern of the Directors. The results of these operations are included in the "Other segments".

The Directors assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Share of losses of investments accounted for using the equity method, interest income, foreign exchange, gain on disposal of subsidiaries and finance costs are not allocated to segments, as this type of activities is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors, except as noted below, is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets exclude cash and cash equivalents, restricted cash, amounts due from related parties, investments accounted for using the equity method and derivative financial assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, amounts due to non-controlling interests, deferred income tax liabilities, Outlets Scheme, and Asset-backed Securities Scheme, senior class, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

	Property development <i>RMB'000</i>	Investment property development and operation <i>RMB'000</i>	Sale of merchandise inventories <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Total revenue	998,163	963,330	194,815	–	2,156,308
Inter-segment revenue	–	(32,333)	(236)	–	(32,569)
Revenue (from external customers)	998,163	930,997	194,579	–	2,123,739
Segment operating profit/(loss)	(247,668)	507,108	(91,657)	(18,088)	149,695
Depreciation and amortisation	(753)	(42,808)	(6,680)	–	(50,241)
Income tax expenses	52,244	(92,348)	–	(30,107)	(70,211)
Year ended 31 December 2022					
Total revenue	46,737	680,495	210,203	–	937,435
Inter-segment revenue	–	(1,537)	–	–	(1,537)
Revenue (from external customers)	46,737	678,958	210,203	–	935,898
Segment operating profit/(loss)	(29,156)	138,517	6,880	(77,726)	38,515
Depreciation and amortisation	(114)	(51,703)	(4,853)	–	(56,670)
Income tax expenses	4,006	(71,915)	–	(12)	(67,921)

	Property development RMB'000	Investment property development and operation RMB'000	Sale of merchandise inventories RMB'000	Other segments RMB'000	Total RMB'000	Inter- segment elimination RMB'000	Total RMB'000
As at 31 December 2023							
Total segment assets	<u>3,898,218</u>	<u>17,835,575</u>	<u>617,105</u>	<u>5,520,494</u>	<u>27,871,392</u>	<u>(11,813,991)</u>	<u>16,057,401</u>
Total segment liabilities	<u>(997,498)</u>	<u>(7,643,554)</u>	<u>(919,980)</u>	<u>(4,814,859)</u>	<u>(14,375,891)</u>	<u>11,813,991</u>	<u>(2,561,900)</u>
As at 31 December 2022							
Total segment assets	<u>4,406,321</u>	<u>19,657,627</u>	<u>551,888</u>	<u>6,770,219</u>	<u>31,386,055</u>	<u>(13,264,439)</u>	<u>18,121,616</u>
Total segment liabilities	<u>(992,968)</u>	<u>(8,310,869)</u>	<u>(1,248,093)</u>	<u>(5,202,045)</u>	<u>(15,753,975)</u>	<u>13,264,439</u>	<u>(2,489,536)</u>

(a) A reconciliation of segment operating profit to loss before income tax is provided as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Segment operating profit	149,695	38,515
Share of losses of investments accounted for using the equity method	(5,478)	(10,480)
Interest income	27,997	7,774
Foreign exchange	(42,090)	(11,800)
Gain on disposal of subsidiaries	231,468	–
Finance costs	(607,841)	(504,015)
Loss before income tax	<u>(246,249)</u>	<u>(480,006)</u>

(b) Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Total segment assets	16,057,401	18,121,616
Cash and cash equivalents	1,470,508	1,137,660
Restricted cash	21,177	72,705
Investments accounted for using the equity method	307,618	299,185
Amounts due from related parties	74,537	73,741
Derivative financial assets	<u>–</u>	<u>105,386</u>
Total assets per consolidated statement of financial position	<u>17,931,241</u>	<u>19,810,293</u>
Total segment liabilities	2,561,900	2,489,536
Borrowings	4,197,169	5,944,777
Amounts due to non-controlling interests	118,225	118,225
Deferred income tax liabilities	807,155	903,898
Asset-backed Securities Scheme, senior class	2,699,148	5,292,270
Outlets Scheme	<u>3,148,467</u>	<u>668,112</u>
Total liabilities per consolidated statement of financial position	<u>13,532,064</u>	<u>15,416,818</u>

(c) Assets and liabilities related to contracts with customers:

	As at 31 December	
	2023	2022
	RMB'000	(Restated) <i>Note 11</i> RMB'000
Sales commission for properties	<u>3,989</u>	<u>7,787</u>
Total incremental costs of obtaining a contract	<u>3,989</u>	<u>7,787</u>
Advances from sales of properties	<u>195,564</u>	<u>319,165</u>
Total contract liabilities	<u>195,564</u>	<u>319,165</u>

The Company was incorporated in the Cayman Islands, with most of its subsidiaries domiciled in Mainland China. Revenues from external customers of the Group are mainly derived in Mainland China for the years ended 31 December 2023 and 2022.

As at 31 December 2023, total non-current assets other than and derivative financial assets located in Mainland China is RMB13,718,748,000 (31 December 2022: RMB15,347,397,000). As at 31 December 2023 and 2022, none of these non-current assets are located in Hong Kong.

For the years ended 31 December 2023 and 2022, the Group did not have any single customer with revenue over 10% of the revenue from external customers.

For the year ended 31 December 2023, revenue of RMB319,165,000 (31 December 2022: RMB6,021,000) was included in the contract liabilities balance at the beginning of the year.

5 REVENUE, OTHER GAINS – NET AND OTHER INCOME

An analysis of revenue, other gains – net and other income is as follows:

	Year ended 31 December	
	2023	2022 (Restated) <i>Note 11</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Rental revenue of investment properties	919,405	678,958
Sale of properties	998,163	46,737
Sale of goods	194,579	210,203
Operation and management services	11,592	–
	<u>2,123,739</u>	<u>935,898</u>
Other gains – net		
Fair value gains on investment properties	216,218	15,517
Government grants	11,824	11,653
Foreign exchange losses – net	(42,090)	(11,800)
Net impairment losses on financial and contract assets	(226)	(1,432)
Gain on disposal of subsidiaries	231,468	–
Others	(53)	3,400
	<u>417,141</u>	<u>17,338</u>
Other income		
Short-term lease income	9,417	17,366
Interest income	27,997	7,774
Others	2,303	1,929
	<u>39,717</u>	<u>27,069</u>

6 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2023	2022 (Restated)
	<i>RMB'000</i>	<i>RMB'000</i> <i>Note 11</i>
Cost of properties sold	1,071,316	46,199
Direct operating expenses arising from property management and other property related services	272,232	237,015
Cost of goods sold	169,938	194,229
Employee benefit expenses	170,749	182,627
– <i>Wages, salaries and staff welfare</i>	127,394	128,780
– <i>Pension scheme contributions</i>	17,381	19,498
– <i>Other allowance and benefits</i>	25,974	34,349
Business taxes and other surcharges	102,133	77,771
Depreciation and amortisation	50,241	56,670
Advertising and marketing	111,022	55,629
Office and travelling expenses	58,551	37,235
Consultancy fees	25,716	15,309
Depreciation charge of right-of-use assets	2,194	8,351
Auditor's remuneration	3,024	2,693
– <i>PricewaterhouseCoopers</i>	2,190	2,150
– <i>PricewaterhouseCoopers Zhong Tian LLP</i>	100	200
– <i>Other auditors</i>	734	343
Impairment of inventories	174,516	26,196
Others	1,895	5,893
	2,213,527	945,816

7 FINANCE COSTS

	Year ended 31 December	
	2023	2022 (Restated)
	RMB'000	RMB'000 <i>Note 11</i>
Interest expenses on bank and other financial institution borrowings	345,689	302,540
Interest expenses on Outlets Scheme	131,647	23,221
Interest expenses on Asset-backed Securities Scheme, senior class	236,723	297,140
Interest expenses on lease liabilities	483	737
Net fair value (gain)/loss on derivative financial instruments		
Reclassified from cash flow hedge reserve	(37,097)	(19,388)
Reclassified from costs of hedging reserves	17,775	17,922
Ineffectiveness of cash flow hedges	1,453	2,903
	<u>696,673</u>	<u>625,075</u>
Less: interests capitalised	<u>(88,832)</u>	<u>(121,060)</u>
	<u><u>607,841</u></u>	<u><u>504,015</u></u>

For the year ended 31 December 2023, the capitalisation rate was 5.92% (2022: 5.54%). The finance costs are capitalised in the properties under development.

8 INCOME TAX EXPENSES

The amount of income tax expenses charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2023	2022 (Restated)
	RMB'000	RMB'000 <i>Note 11</i>
Current income tax:		
– Mainland China enterprise income tax	741	2,244
– Mainland China land appreciation tax	2,143	2,554
– Withholding tax provided for disposal of subsidiaries	30,107	–
Deferred income tax	<u>37,220</u>	<u>63,123</u>
Total tax charges for the year	<u><u>70,211</u></u>	<u><u>67,921</u></u>

No provision for Hong Kong profits tax has been made as the Group did not derive any assessable profit in Hong Kong during the year (2022: Nil).

Mainland China enterprise income tax has been provided at a rate of 25% (2022: 25%) on the taxable profits of the Group's Mainland China subsidiaries during the year.

The implementation and settlement of Mainland China land appreciation tax (“LAT”) varies among various cities in Mainland China. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, which is based on the estimated proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

A reconciliation of the tax expenses applicable to loss before income tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2023	2022
		(Restated)
		<i>Note 11</i>
	RMB'000	RMB'000
Loss before income tax	<u>(246,249)</u>	<u>(480,006)</u>
Tax calculated at applicable statutory tax rates on the taxable profit in the respective countries	(74,238)	(110,384)
Income not subject to tax	(49,856)	(2,012)
Expenses not deductible for tax	213,791	19,870
Tax losses for which no deferred income tax asset was recognised	83,734	118,000
Land appreciation tax	2,143	2,554
Income tax effect of land appreciation tax	(536)	(639)
Utilisation of previously unrecognised tax losses	(135,005)	(1,132)
Adjustment to deferred income taxation	71	41,664
Withholding tax provided for disposal of subsidiaries	<u>30,107</u>	<u>–</u>
Income tax expenses for the year	<u><u>70,211</u></u>	<u><u>67,921</u></u>

9 DIVIDENDS

No dividend has been paid or declared by the Company during the year (2022: Nil).

10 EARNINGS/LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	Year ended 31 December	
	2023	2022
		(Restated)
		<i>Note 11</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Loss from continuing operations attributable to ordinary equity holders of the Company	(319,419)	(548,450)
Excluding: loss from continuing operations attributable to the holders of convertible preference shares (the “CPS”) and perpetual convertible bonds securities (the “PCBS”)	<u>198,764</u>	<u>341,359</u>
Loss from continuing operations attributable to ordinary equity holders of the Company	<u>(120,655)</u>	<u>(207,091)</u>
Profit from discontinued operations	328,054	155,068
Excluding: profit from discontinued operations attributable to the holders of CPS and PCBS	(204,239)	(96,542)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings/(losses) per share	<u>3,160</u>	<u>(148,565)</u>
From continuing operations attributable to the ordinary equity holders of the Company (RMB cents)	(12.55)	(21.54)
From discontinued operation (RMB cents)	<u>12.88</u>	<u>6.09</u>
	Shares	Shares
Weighted average number of ordinary shares	<u>961,538,462</u>	<u>961,538,462</u>
	Year ended 31 December	
	2023	2022
		(Restated)
		<i>Note 11</i>
Losses per share for loss from continuing operations attributable to ordinary equity holders of the Company during the year		
– Basic losses per share (RMB cents)	(12.55)	(21.54)
– Diluted losses per share (RMB cents)	(12.55)	(21.54)
Earnings/(losses) per share for loss attributable to ordinary equity holders of the Company during the year		
– Basic earnings/(losses) per share (RMB cents)	0.33	(15.45)
– Diluted earnings/(losses) per share (RMB cents)	0.33	(15.45)

The potential ordinary shares were not included in the calculation of dilutive earnings, since the effect would be immaterial.

11 DISCONTINUED OPERATION

The Company disposed of its the entire 100% equity interests in Jinan Real Estate Ltd. and Wuhan Capital Juda Outlets Business Management Limited (together, the “**Target Companies**”) to certain fellow subsidiaries of the Capital Group (the “**Disposal**”). Disposal of these subsidiaries was completed on 22 August 2023 and was reported in the current year as discontinued operations. The comparative information of continuing operations has been restated. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(i) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 August 2023 (2023 column) and the year ended 31 December 2022.

	1 January 2023 to 22 August 2023	Year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	165,460	188,240
Cost of sales	(44,799)	(36,558)
Other gains	336,423	68,400
Other income	262	453
Selling and marketing expenses	(12,065)	(8,771)
Administrative expenses	(7,093)	(14,499)
Finance costs	(1,869)	(5,210)
Profit before income tax	<u>436,319</u>	<u>192,055</u>
Income tax expense	(106,098)	(37,397)
Profit after income tax of discontinued operations	<u>330,221</u>	<u>154,658</u>
Net cash inflows generated from operating activities	137,484	62,064
Net cash flows generated from/(used in) investing activities	20,829	(25,299)
Net cash flows used in financing activities	(152,335)	(92,783)
Net increase/(decrease) in cash and cash equivalents	<u>5,978</u>	<u>(56,018)</u>

(ii) Details of sale of the subsidiaries

	2023
	<i>RMB'000</i>
Net consideration received:	
Cash	<u>1,495,853</u>
Total disposal consideration	1,495,853
Carrying amount of net assets sold	<u>(1,264,385)</u>
Gain on sale before income tax	231,468
Withholding tax expense	<u>(30,107)</u>
Gain on sale after income tax	<u><u>201,361</u></u>

(iii) The carrying amounts of assets and liabilities as at the date of sale (22 August 2023) were:

	As at 22 August 2023 RMB'000
Property, plant and equipment	18,077
Long-term prepaid expenses	6,583
Investment properties	2,016,592
Intangible assets and lease prepayments	497
Trade and other receivables and prepayments	35,847
Cash and cash equivalents	<u>60,395</u>
 Total assets of disposal group	 <u><u>2,137,992</u></u>
 Deferred income tax liabilities	 222,660
Trade payables	149,193
Other payables and accruals	<u>501,753</u>
 Total liabilities of disposal group	 <u><u>873,605</u></u>

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables from contracts with customers	238,012	72,444
Less: provision for impairment of trade receivables	<u>(1,539)</u>	<u>(1,626)</u>
	<u><u>236,473</u></u>	<u><u>70,818</u></u>
 Prepayments to related parties	 347	 16,161
Prepayments of merchandise inventories	36,675	79,458
Other prepayments	74,457	23,003
Input value added tax to be deducted and prepaid other taxes	105,188	131,794
Deposits	6,957	7,472
Amounts due from related parties	74,537	73,741
Others	59,334	86,213
Less: provision for impairment of other receivables	<u>(8,748)</u>	<u>(10,707)</u>
	<u><u>585,220</u></u>	<u><u>477,953</u></u>
 less: non-current portion		
– Input value added tax to be deducted	<u>(11,663)</u>	<u>(28,923)</u>
 Current portion	 <u><u>573,557</u></u>	 <u><u>449,030</u></u>

Trade receivables mainly arise from rental revenue of investment properties. Lessees are generally granted credit terms of 1 to 3 months. An aging analysis of the Group's trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<u>238,012</u>	<u>72,444</u>

As at 31 December 2023, there are trade receivables amounted to RMB846,000 (31 December 2022: RMB846,000) due from related parties.

13 TRADE PAYABLES

An aging analysis of the Group's trade payables based on invoice date or construction completion date is as follows:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,693,890	1,232,800
1 to 2 years	221,860	425,082
2 to 3 years	17,086	80,869
over 3 years	<u>946</u>	<u>96,447</u>
	<u>1,933,782</u>	<u>1,835,198</u>

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

14 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Other taxes payables	70,176	41,463
Employee benefit payable	2,480	3,772
Other payables and accruals due to related parties	28,906	6,015
Amounts due to non-controlling interests	118,225	118,225
Interest payable	–	1,364
Asset-backed Securities Scheme, senior class (i)	2,699,148	5,291,529
Outlets Scheme (ii)	3,148,467	667,489
Deposits received	110,193	139,330
Collect and remit payment on behalf of customers	5,162	5,681
Advance receipt of rental income	74,727	35,199
Others	78,967	12,604
	<u>6,336,451</u>	<u>6,322,671</u>
Less: non-current portion		
– Asset-backed Securities Scheme, senior class and Outlets Scheme	<u>(3,148,467)</u>	<u>(5,959,018)</u>
Current portion	<u>3,187,984</u>	<u>363,653</u>

- (i) On 9 December 2019, the Group issued an Asset-backed Securities Scheme, senior class known as Phase I Asset-backed Securities Scheme. The issuance of the Asset-backed Securities Scheme, senior class was for securitisation of certain properties of the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,579,000,000, including: (a) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a term of five years maturing on 9 December 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (b) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a term of five years maturing on 9 December 2024. Both issuance were subscribed by Hengsheng Huachuang, a Company's wholly owned subsidiary. The Subordinated Class ABS will not be listed.

On 28 May 2021, the Group privately issued an asset-backed securities scheme known as Phase II Asset-backed Securities Scheme. The issuance of the asset-backed securities scheme was for securitisation of the properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Jiangxi Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,268,000,000, including: (a) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum and a term of three years maturing on 28 May 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (b) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate and a term of three years maturing on 28 May 2024. Both issuance were subscribed by Hengsheng Huachuang. The Subordinated Class ABS will not be listed. The Asset-backed Securities Scheme, senior class in principal amount of RMB2,600,000,000 was early redeemed by the Group on July 2023.

- (ii) On 27 April 2022, the Group issued an asset-backed securitised product known as China Life Investment BCG Outlets First Stage Asset Support Scheme. For the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Outlets Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing Shouju Outlet and Kunming Outlet and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitisation under the Outlets Scheme for the purpose of funding the Group's operations and development.

As at 31 December 2023, the issuance of the Outlets Scheme was RMB1,350,000,000, including: (a) a principal of RMB670,000,000 at a fixed coupon rate of 4.85% per annum with a maturity term of three years maturing on 27 April 2025; and (b) a principal of RMB680,000,000 at a fixed coupon rate of 4.85% per annum with a maturity term of three years maturing on 26 April 2026. All the borrowings were held by China Life Investment Management Company Limited.

On 6 July 2023, the Group issued an asset-backed securitised product known as China Life Investment BCG Outlets Second Stage Asset Support Scheme. For the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,800,000,000. Under the Outlets Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Xi'an Capital Outlets, Nanning Capital Outlets, and Huzhou Capital Outlets and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitisation under the Outlets Scheme for the purpose of funding the Group's operations and development.

As at 31 December 2023, the issuance of the Outlets Scheme was RMB1,800,000,000, including: (a) a principal of RMB820,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 31 July 2026; (ii) a principal of RMB750,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 31 July 2026; and (b) a principal of RMB230,000,000 at a fixed coupon rate of 4.60% per annum with a maturity term of three years maturing on 31 July 2026. All the borrowings were held by China Life Investment Management Company Limited.

15 SHARE CAPITAL

	As at 31 December			
	2023	2022	2023	2022
	<i>Number of shares</i>	<i>Number of shares</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:				
Ordinary shares, HK\$0.01 each	18,355,918,048	18,355,918,048	160,009	160,009
Class A CPS, HK\$0.01 each	738,130,482	738,130,482	5,875	5,875
Class B CPS, HK\$0.01 each	<u>905,951,470</u>	<u>905,951,470</u>	<u>7,575</u>	<u>7,575</u>
	<u>20,000,000,000</u>	<u>20,000,000,000</u>	<u>173,459</u>	<u>173,459</u>
Issued and fully paid:				
Ordinary shares, HK\$0.01 each	961,538,462	961,538,462	7,828	7,828
Class A CPS, HK\$0.01 each	166,976,636	166,976,636	1,329	1,329
Class B CPS, HK\$0.01 each	<u>905,951,470</u>	<u>905,951,470</u>	<u>7,575</u>	<u>7,575</u>
	<u>2,034,466,568</u>	<u>2,034,466,568</u>	<u>16,732</u>	<u>16,732</u>

16 CPS

(a) Class A CPS

On 22 January 2015, the Company issued 738,130,482 Class A CPS to BECL at HK\$ 2.78 per share. On 28 December 2016, 571,153,846 Class A CPS were converted into ordinary shares.

- (i) The Class A CPS is non-redeemable and with no maturity.
- (ii) Each Class A CPS is convertible by its holders into one ordinary share of the Company of HK\$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
- (iii) Each Class A CPS shall confer on the holder thereof the right to receive any dividend *pari passu* with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class A CPS may be converted on an as converted basis.
- (iv) The Class A CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class A CPS.
- (v) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, *pari passu* as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class A CPS by the Company, Class A CPS is therefore classified as equity in the consolidated financial statements.

(b) Class B CPS

On 14 December 2016, the Company issued 905,951,470 Class B CPS to BECL at HK\$ 2.78 per share.

- (i) The Class B CPS is non-redeemable and with no maturity.
- (ii) Each Class B CPS is convertible by its holders into one ordinary share of the Company of HK\$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
- (iii) Each Class B CPS shall confer on the holder thereof the right to receive any dividend *pari passu* with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class B CPS may be converted on an as converted basis.
- (iv) Each Class B CPS shall confer on its holder the right to receive a preferred distribution (“**Preferred Distribution**”) from the date of the issue at a rate of 0.01% per annum on the issue price, payable annually in arrears. The Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution. During the year, the Company did not pay any Preferred Distribution (2022: Nil). As at 31 December 2023, there was no Preferred Distribution deferred and payable by the Company (2022: Nil).

- (v) The Class B CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class B CPS.
- (vi) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, *pari passu* as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class B CPS by the Company, Class B CPS is therefore classified as equity in the consolidated financial statements.

17 PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK\$657,594,260 to Smart Win and in the principal amounts of HK\$420,096,153 to KKR respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity, and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK\$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

The holder(s) of the PCBS are entitled to receive interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon. The Company shall not pay any dividends, distributions or make any other payment on the ordinary shares, Class A CPS and Class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the Class B CPS at a rate which shall not exceed the rate of interest) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

As at 31 December 2023, the Group has accrued interest amounting to RMB658,000 (31 December 2022: RMB558,000).

As the Company has no contractual obligations to the holders of PCBS, the PCBS is classified as equity in the consolidated financial statements.

18 COMMITMENTS

The Group had the following capital commitments:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contracted, but not provided for:		
Properties under development	<u>–</u>	<u>388,023</u>

19 FINANCIAL GUARANTEES

The Group had the following financial guarantees:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Mortgage facilities for certain purchasers of the Group's properties	<u>540,074</u>	<u>702,104</u>

As at 31 December 2023 and 2022, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon occurrence of default on mortgage repayments by these purchasers during the guarantee period, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties due by the defaulted purchasers to the banks. At the same time, the Group is entitled to take over the legal title and possession of the related properties. The guarantee period of the Group commences on the grant date of the relevant mortgage and terminates on obtaining the "property title certificate" by the property purchasers.

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (year ended 31 December 2022: Nil).

ANNUAL GENERAL MEETING

The annual general meeting (“**AGM**”) of the Company will be held on or about 31 May 2024 and the notice of 2023 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

- Looking back at 2023, the complexity, severity, and uncertainty of the external environment have increased meanwhile the internal cyclical and structural contradictions still exist. China has withstood external pressure and overcome internal difficulties, and the overall economy has rebounded and made solid progress in high-quality development. From the perspective of economic growth, the gross domestic product (GDP) in 2023 exceeded RMB126 trillion, representing a growth of 5.2% as compared to the corresponding period last year if calculated at constant prices. The economic growth rate is higher than the expected global growth rate of about 3%. The Chinese economy has shown tremendous development resilience and potential, and the long-term positive fundamentals have not changed.
- The year 2023 is a year when the prevention and control of the COVID-19, which has lasted for three years, began to turn to economic recovery and development. During the period, all regions and departments deeply implemented the strategy of expanding domestic demand, actively launched a series of measures to boost consumption policies, and promoted the recovery of the consumer market and the continuous release of consumption potential. The total retail sales of consumer goods in the whole year exceeded RMB47 trillion, representing an increase of 7.2% as compared to the corresponding period last year, and the scale reached a new historical high. The final consumption spending drove economic growth by 4.3 percentage points, representing an

increase of 3.1 percentage points as compared to the corresponding period last year, and contributed to 82.5% of economic growth, representing an increase of 43.1 percentage points as compared to the corresponding period last year. The fundamental role of consumption is more significant.

- In 2023, various departments in China have successively introduced relevant policies to support the development of commercial real estate. Among them, the NDRC and the CSRC issued policies in March 2023, which for the first time expanded the scope of underlying assets of listed REITs to the field of commercial consumption infrastructure, giving priority to supporting the issuance of REITs in urban and rural commercial network projects such as department stores, shopping malls, and farmers’ markets, providing a policy window opportunity for Capital Grand to adjust its asset structure and gradually realize the transformation of assets “from heavy to light, from light to premium” (由重變輕、由輕變精).

BUSINESS REVIEW

- **Rebounding Significantly in Outlets Business and Hitting Another Record High in Sales Results**
 - During the period, we focused on the holiday economy, leading a unified marketing activity with the IP of “Come Together to Capital Outlets and Celebrate each Festival (來首創奧萊過節)”, working together online and offline to attract customers to shop and effectively drive sales. There were nearly 55 million store visits during the year, representing a comparable increase of over 40% as compared to the corresponding period last year. The annual sales revenue exceeded RMB10 billion, representing a comparable increase of approximately 38% as compared to the corresponding period last year, creating the best performance in history.
 - In the first half of the year, the Group seized the valuable opportunity of consumer recovery after the relaxation of pandemic policies, and achieved a good start in business performance; In the second half of the year, we worked hard to overcome adverse factors such as extreme weather and changes in consumer trends, seized major holiday opportunities, held nearly a thousand internal shopping fairs and brand days throughout the year, and extended sales scenarios and extended customer stay time through extended business hours and non-closing modes. At the same time, the Group created member discount days and provided unique exclusive discounts to members, comprehensively improving their repurchase rate and helping to significantly increase member’s consumption.
- **Promoting Digital Transformation and Improving Operational Capabilities**
 - The leasing decision-making system was comprehensively upgraded to eliminate data bottlenecks, and the analysis and decision-making capabilities of dynamic leasing and merchandizing of each outlets project were effectively improved;

- From deep operation of private domain traffic, creating BOSS live streaming, to collective live streaming sales of major brand stores, we continuously explored the path of online and offline integration. By leveraging new traffic platforms such as Tiktok (抖音), Meituan (美團), Kuaituantuan (快團團), we enabled store sales, improved the associated sales of Outlets by selling group coupons, continuously enriched customer experience, expanded the transformation scenario of customer flow and member resources, improved the stickiness of commercial tenants and customers, and enhanced lean operation capabilities.
- **Optimizing the Inventory Structure of Proprietary Business and Significantly Improving Profitability**
 - We have carried out 15 large-scale internal purchasing activities, including the “Worker’s Gymnasium Automobile Life Festival (工體汽車生活節)”, throughout the year, and our inventory structure has been optimized. At the same time, we have achieved cost reduction, efficiency improvement, and lean operations with a profit-oriented approach, resulting in a significant improvement in the profitability of our proprietary business;
 - We actively expanded our “proprietary” business, developed new procurement channels for Burberry and Armani, and promoted the consignment business of brands such as Noble Vision, DKNY, and Bernstein. We strengthened our innovation in mini apps and live streaming, developed and launched the CO brand yoga series products, and achieved the transformation and expansion of our proprietary business from “retail (做零售)” to “brand (做品牌)”.
- **Continuously Enhancing Innovation Capabilities and Exploring New Commercial Tracks**
 - Capital Outlets has created a pop-up bazaar with the theme of Outlets in Wuzhen, realizing a business innovation model of “Outlets+ Bazaar (奧萊+集市)”, integrating elements of brand shopping, food, entertainment, etc., providing consumers with a “one-stop” experience of eating, drinking, and playing, which has aroused great interest from local consumers and tourists from afar;
 - The Group actively explored new tracks for shopping malls, and presided over the grand opening of “Capital Arcade (首創鉅潮薈)” in Kunshan at the end of the year. “Capital Arcade” is a new product line innovatively incubated by the Group after ten years of deep cultivation in the Outlets track. With international trends as the main line, “Capital Arcade” focused on introducing experiential formats, advocated a healthy and happy lifestyle, and formed commercial complementarity with Kunshan Capital Outlets to achieve a scale effect of “1+1>2”;
 - Nanning Capital Outlets was awarded the title of “AAAA-level National Tourist Attraction” by virtue of the characteristics and advantages of “micro-vacation (微度假)” consumption scenarios, achieving a new breakthrough after Beijing Capital Outlets and Huzhou Capital Outlets were rated as “AAA-level National Tourist Attractions”. In the current context of

expanding domestic demand and promoting consumption, the Group is striving to enhance the “tourism + outlets (旅遊+奧萊)” feature by incorporating the new concept of tourism consumption into the daily operation of projects, allowing consumers to linger in shopping malls, fully enjoying the fun of shopping and wandering.

- **Realizing the Value Realization of its High-quality Outlets, and Transforming the Asset Structure from “Heavy” to “Light”**
 - During the period, the Group disposed its Outlets in Wuhan and Jinan to the Beijing Capital City Development Group, achieving value-added and value realization of the property operation. The proceed from which was mainly used to repay debts. The Group’s interest-bearing debt scale reduced by approximately RMB2 billion, so that the overall gearing ratio of the Company was reduced and the business operation was more stable.
 - The Group continues to be entrusted with the management of the Outlets in Wuhan and Jinan, achieving the output of commercial operation and management capabilities. This can not only increase management fee income and improve the Company’s profit level, but also help to consolidate the leading position of Capital Outlets in the industry, accelerate the construction of a market-oriented light asset expansion system, and create conditions for the Group’s light asset transformation and development, as well as achieving asset and capital structure optimization.

FINANCIAL REVIEW

1. Revenue and Operating Results

For the twelve months ended 31 December 2023, the revenue of the Group was approximately RMB2,123,739,000, representing an increase of 127% as compared to RMB935,898,000 of the same period after restated in 2022. The increase in revenue was mainly attributable to the significant increase in the revenue of sale of properties due to the completion of properties under development this year and the significant improvement of sales performance of outlets since the optimization of the prevention and control policies for COVID-19 pandemic.

For the twelve months ended 31 December 2023, the Group’s gross profit margin was approximately 14%, representing a decrease of 20 percentage points from 34% for the same period after restated in 2022. Among them, the gross profit margins of investment property development and operation, sales of properties, and sales of goods in the period were 58%, -22%, and 0%, respectively, representing an increase of 9 percentage points, an increase of 33 percentage points and a decrease of 8 percentage points as compared to the 49%, -55%, and 8% in the same period after restated in 2022, respectively. Due to the substantial increase in revenue from sales of properties with the lowest gross margin, which has led to an increased proportion of the group’s total revenue, the overall gross margin of the group has decreased.

For the twelve months ended 31 December 2023, the Group's operating profit was approximately RMB367,070,000, representing an increase of 964% as compared to RMB34,489,000 for the corresponding period after restated in 2022. Such increase was mainly attributable to the increase in the revenue of investment property development and operation, as well as a significant increase in fair value gains on investment properties as compared to the same period last year, and the recognition of gains on disposal of the Outlets in Wuhan and Jinan amounting to RMB231,468,000.

For the twelve months ended 31 December 2023, the net profit of the Group during the period was approximately RMB13,761,000, representing an increase of 103% as compared to the loss of RMB393,269,000 during the same period in 2022. The main reasons for the Group's realization of turning losses into profits in the period include the significant increase in fair value gains on its investment properties as compared to the same period last year, and the recognition of gains on disposal of the Outlets in Wuhan and Jinan.

2. *Liquidity and Financial Resources*

The Group has sufficient funds to meet its operating requirements. As at 31 December 2023, the Group had total cash and cash equivalents and restricted cash of approximately RMB1,491,685,000 (31 December 2022: approximately RMB1,210,365,000), of which, approximately RMB1,491,113,000 (31 December 2022: approximately RMB1,209,643,000), approximately RMB117,000 (31 December 2022: approximately RMB690,000), approximately RMB455,000 (31 December 2022: approximately RMB32,000) are presented in RMB, Hong Kong dollars and United States dollars respectively. Substantially all of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

The Group's current ratio as at 31 December 2023 was 0.61 (31 December 2022: 1.11). The decrease in current ratio was mainly attributable to the reclassification of partial long-term debts due in 2024 by the Group to current liabilities.

As at 31 December 2023, the principal amount of interest-bearing debts of the Group amounted to approximately RMB10,053,019,000 (31 December 2022: approximately RMB11,909,442,000), of which approximately 58% was non-current portion (31 December 2022: 89%). The main purpose of the interest-bearing debt was to meet the funding requirements for property development and construction, operation and business development.

As at 31 December 2023, the Group had a net gearing ratio of 195% (31 December 2022: 244%), which was calculated as net debt divided by total equity. Net debt includes total bank and other borrowings, guaranteed notes (including current and non-current portions) and the Asset-backed securities scheme, senior class (including current and non-current portions), outlets plan and lease liabilities less cash and cash equivalents and restricted cash. The change in the net gearing ratio was primarily due to the decrease in the Group's net debt in 2023.

3. Changes in Principal Subsidiaries and Major Non-controlling Interests

In 2023, the Group disposed the Outlets located in Wuhan and Jinan. Details are set out in the circular of the Group dated 2 August 2023.

4. Borrowings, Guaranteed Notes and Asset-backed Securities Scheme

As at 31 December 2023, the Group's borrowings from banks and other financial institutions amounted to approximately RMB4,193,381,000 (31 December 2022: approximately RMB5,939,442,000). Of the total amount, bank borrowings of RMB523,981,000 (31 December 2022: RMB1,370,963,000) were secured by land use rights and buildings and guaranteed by BCL. Borrowings from other financial institutions of approximately RMB Nil (31 December 2022: approximately RMB1,000,000,000) were guaranteed by BCL. Bank borrowings of approximately RMB1,169,400,000 (31 December 2022: approximately RMB Nil) were guaranteed by Capital City Development. Bank borrowings of approximately RMB Nil (31 December 2022: approximately RMB1,368,479,000) were guaranteed by Capital Group. Borrowings from other financial institutions of approximately RMB2,500,000,000 (31 December 2022: approximately RMB2,200,000,000) were guaranteed by Capital Group.

On 9 December 2019, the Group issued an asset-backed securitization scheme known as Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme (中聯一創 – 首創鉅大奧特萊斯一號第一期資產支持專項計劃) for the purpose of securitizing the two properties held by the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets. The total issuance of the scheme was RMB3,579,000,000 with a maturity term of five years, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum, all of which were subscribed by qualified third party investors, and listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate, all of which were subscribed by Hengsheng Huachuang, a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Group dated 9 December 2019.

On 28 May 2021, the Group issued Zhonglian BCG – Capital Outlets Phase II Asset-backed Securities Scheme (中聯首創證券 – 首創鉅大奧特萊斯二期資產支持專項計劃) for the purpose of securitizing the four properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Jiangxi Capital Outlets. The total issuance of the scheme was RMB3,268,000,000 with a maturity term of three years, including: (i) the Senior Class ABS in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum, all of which were subscribed by qualified third party investors and are listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate, all of which were subscribed by Hengsheng Huachuang, a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Group dated 28 May 2021. On 26 July 2023, the Asset-backed Securities Scheme was fully repaid in advance.

On 27 April 2022, the Group issued an asset-backed securitized product known as China Life Investment – BCG Outlets First Stage Asset Support Scheme (國壽投資－首創鉅大奧特萊斯第一期資產支持計劃) for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Scheme, Hengsheng Huachuang (as the Scheme’s originator) will provide loans to Chongqing BCG Outlets Properties Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and Kunming Beijing Capital Outlets Commercial Operation Management Co., Ltd. (an indirect non-wholly-owned subsidiary of the Company). The creditor’s right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the Scheme for the purpose of raising funds for the Group’s operation and development. As at 31 December 2023, the Group had issued asset-backed securities in the principal amount of RMB1,350,000,000 with a fixed coupon rate of 4.85% and a maturity term of three years. Details are set out in the announcement of the Group dated 27 April 2022.

On 6 July 2023, the Group issued an asset-backed securitized product known as China Life Investment – BCG Outlets Second Stage Asset Support Scheme (國壽投資－首創鉅大奧特萊斯第二期資產支持計劃) for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,800,000,000. Under the Scheme, Hengsheng Huachuang (as the Scheme’s originator) will provide loans to Xi’an Capital Outlets (an indirect wholly-owned subsidiary of the Company), Nanning Capital Outlets (an indirect wholly-owned subsidiary of the Company) and Huzhou Capital Outlets (an indirect wholly-owned subsidiary of the Company). The creditor’s right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the Scheme for the purpose of raising funds for the Group’s operation and development. As at 31 December 2023, the Group had issued asset-backed securities in the principal amount of RMB1,800,000,000 with a fixed coupon rate of 4.60% and a maturity term of three years. Details are set out in the announcement of the Group dated 6 July 2023.

5. *Foreign Exchange Exposure*

Major subsidiaries of the Group operate in the PRC and most of the transactions are denominated in RMB. As at 31 December 2023, the Group has fully repaid the US\$-denominated bank borrowings amounting to US\$197,800,000 (31 December 2022: US\$197,800,000). In addition, certain of the Group’s assets and liabilities are denominated in HK\$ and US\$, the amount of which is not significant. Hence, it is expected that exchange rate fluctuations will have no significant impact on the finance of the Group.

6. *Financial Guarantees*

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of properties. As at 31 December 2023, the financial guarantees amounted to approximately RMB540,074,000 (31 December 2022: RMB702,104,000).

7. *Capital Commitments*

As at 31 December 2023, the Group had capital commitments relating to the development properties under construction of approximately RMB Nil (31 December 2022: RMB403,438,000).

8. *Significant Investments, Material Acquisitions and Disposals, and Future Plans for Significant Investment or Acquisition of Capital Assets*

In 2023, the Group disposed the Outlets located in Wuhan and Jinan. Details are set out in the circular of the Group dated 2 August 2023.

9. *Pledge of Assets*

As at 31 December 2023, the total amount of the Group's pledge of investment properties and land use rights arising from borrowings were RMB956,000,000 (31 December 2022: RMB3,586,865,000).

10. *Contingent Liabilities*

As at 31 December 2023, the Group did not have any material contingent liabilities.

11. *Subsequent Events*

As at 31 December 2023, the Group did not have any subsequent events.

COST OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 673 employees, of which 344 were male and 329 were female (as of 31 December 2022, the Group employed 722 employees, of which 355 were male and 367 were female). For the year ended 31 December 2023, employee benefit expenses (excluding remunerations of Directors and the chief executive officer) of the Group amounted to approximately RMB171,594,600 (as at 31 December 2022, employee benefit expenses (excluding remunerations of Directors and the chief executive officer) of the Group amounted to approximately RMB186,663,400). The remuneration policy and package of the Group's employees are structured in accordance with market conditions, individual employee performance, qualifications and experience and statutory requirements where appropriate. The Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme and housing provident fund to motivate and reward employees at all levels to achieve the Group's business performance targets. In addition, the Group provides trainings, including professional skill training, and development programmes on an ongoing basis.

FUTURE DEVELOPMENT AND OUTLOOK

In 2024, the domestic economy still faces triple pressures of demand contraction, supply shock, and weakened expectations. Problems such as insufficient effective demand and overcapacity in some industries still exist, and economic development still faces some difficulties and challenges. In 2024, the domestic economic work will adhere to the policy of seek progress in stability, promote stability through progress, and construction before destruction (穩中求進、以進促穩、先立後破), actively advancing in mode transformation, structural adjustment, quality improvement, and efficiency enhancement, continuously implementing active fiscal policies and prudent monetary policies, focus on expanding domestic demand, stimulating potential consumption, and actively cultivating new consumption growth points such as smart homes, entertainment tourism, sports events, and domestic “trendy brand(潮品)”. It is expected that with the advancement of various policies, economic vitality will be effectively enhanced, social expectations will be improved, and the trend of economic recovery towards a positive state will be consolidated and strengthened, thereby continuously promoting the effective improvement of quality and reasonable growth of quantity in the economy.

Under the new trend of rational consumption, the outlets industry with the attribute of “amazing discounts” will still show a strong “lipstick effect (口紅效應)” and continue to maintain a good growth momentum. The Group will seize the favorable opportunity for the country to expand domestic demand and promote consumption, focus on new consumption hotspots such as domestic products and China-Chic, innovate and develop, deepen and strengthen the “amazing discount” attribute of outlets, provide consumers with an “extremely cost-effective (極致性價比)” shopping experience, turn policy dividends into growth momentum, and constantly improve sales performance.

The Group will uphold the concept of “make high-quality goods cheaper (讓好商品賣得更便宜)” to strengthen the core competitiveness of outlets business, strengthen and consolidate brand relationships and discount management, continuously introduce good brands and products, continuously reduce operating costs, and provide consumers with the extremely cost-effectiveness.

The Group will continue to refine and improve the “Capital Arcade (鉅潮薈)” product line, further promote the expansion of light assets, expand management scale, promote the strategic transformation of assets “from heavy to light, from light to premium” (由重變輕、由輕變精), and continuously innovate and build a new highland for development. At the same time, we will conduct in-depth research on the business models closely related to outlets, enrich the brand structure, consolidate the main track of outlets and expand new business opportunities through win-win cooperation.

The Group will continuously strengthen leasing capacity construction, upgrade brand resource library, optimize brand resources, continue to implement the plan to eliminate vacant stores, increase the rent and improve the sales conversion. We will strengthen the management of private domain traffic, and achieve the addition of millions of members through system construction, operation mode, and service content innovation. We use lean management and classified policy implementation to scientifically and reasonably regulate multiple-operation points, and improve the efficiency of multi business output. We

continue to promote the destocking of proprietary businesses, explore corporate development, strengthen business innovation capabilities, and achieve breakthroughs in the reform of proprietary businesses.

In 2024, the Group will focus on building a lean operation system through digital means, continuously improving our operational capabilities, using scientific operational indicators for assessment, enhancing standardization, systematization, and normalization levels, leveraging the advantages of chain operation, promoting high-quality development, and consolidating the leading position of Capital Outlets in the industry. We are committed to becoming the most valuable outlets operator in China which provides excellent experience for consumers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising Mr. Yeung Chi Tat as chairman as well as Dr. Huang Wei and Mr. Xu Weiguo as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to establishing and maintaining good corporate governance standards, a robust internal control mechanism and effective risk management. They are convinced that sound corporate governance is the cornerstone for the Company’s long-term success and can establish a framework for effective management, superior corporate culture, successful business development and shareholder value. At the same time, the Board also actively improves transparency and accountability to all shareholders.

For the year ended 31 December 2023, the Company complied with the requirements under the code provisions (the “**Code Provision**”) set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they fully complied with the requirements under the Model Code for the year ended 31 December 2023.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bcgrand.com and www.capitaloutlets.com). The annual report of the Company for the year ended 31 December 2023 containing all information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Beijing Capital Grand Limited
Xie Hongyi
Executive Director

Beijing, 27 February 2024

As at the date of this announcement, the Board comprises Mr. Fan Shubin (Chairman) and Mr. Xie Hongyi (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi and Mr. Zhou Yue as non-executive Directors; and Mr. Yeung Chi Tat, Dr. Huang Wei and Mr. Xu Weiguo as independent non-executive Directors.