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BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

PROFIT WARNING

This announcement is made by Beijing Capital Grand Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that based on the information currently available and preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a net loss attributable to owners of the Company of not more than RMB200 million for the financial year ended 31 December 2018 (the “**Reporting Period**”), representing a significant decrease of approximately 275% as compared to the net profit attributable to owners of the Company of approximately RMB113 million for the financial year ended 31 December 2017. Such expected net loss is primarily a result of (i) the absence of one-off extraordinary gain of approximately RMB191 million in aggregate in the previous financial year relating to governmental subsidies for the opening of Nanchang Capital Outlets and repurchase by the local government of a piece of land in Huzhou Capital Outlets; (ii) a substantial increase in administrative expenses (such as recruitment and employee expenses) and selling and marketing expenses (such as advertising expenses) by approximately 87% and 62%, respectively, in connection with the opening of three new outlets projects in 2018 and continued promotion of projects newly launched in recent years; and (iii) a considerable increase in finance costs by approximately 90% as the Company has been actively conducting various financing activities in 2018 with a view to providing sufficient liquidity for capital expenditure required for the development and construction of upcoming property projects. Given that a number of outlets projects of the Group are still under development, or at initial stages of opening for business or expected to open for business in the upcoming years, the reasons mentioned in (ii) and (iii) above which contributed to the expected decrease in profit are expected to continue in the next few years.

Although the Group is expected to record a net loss attributable to owners of the Company for the Reporting Period, it is expected that the Group's revenue and gross profit for the Reporting Period will increase by approximately 139% and 80%, respectively, as compared to that for the financial year ended 31 December 2017. The Board considers that the overall operating and financial position of the Group remains sound and solid. The Company will continue to uphold its development strategy of "Precise Expansion and Lean Operation", further expand its strategic coverage of quality projects and ensure timely opening of new property projects, striving to become one of the largest outlets operator in the PRC.

Information contained in this announcement is only based on the information currently available to the Board and a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group, and is not based on figures or information audited or reviewed by the Company's auditors. Shareholders and potential investors of the Company are advised to refer to the Company's annual results announcement for the Reporting Period which is expected to be published early March 2019.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Beijing Capital Grand Limited
Lee Sze Wai
Company Secretary

Hong Kong, 4 February 2019

As at the date of this announcement, the Board comprises Mr. Zhong Beichen (Chairman) and Mr. Feng Yujian (Chief Executive Officer) as executive directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Wang Honghui and Mr. Yang, Paul Chunyao as non-executive directors; and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive directors.