



北京建設 BPHL

BEIJING PROPERTIES (HOLDINGS) LTD

*(incorporated in Bermuda with limited liability)*

*Stock Code: 925*

Interim Report  
2020

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. QIAN Xu (*Chairman*)  
Mr. SIU Kin Wai (*Chief Executive Officer*)  
Mr. ZHAO Jiansuo  
Mr. ZHANG Xudong (*President*)(*appointed on 17 August 2020*)  
Mr. DONG Qilin  
Mr. LI Changfeng  
Mr. CHENG Ching Fu (*Chief Financial Officer*)  
Mr. YU Luning  
Mr. NG Kin Nam  
Mr. LI Shuping (*resigned on 6 January 2020*)

#### Independent Non-Executive Directors

Mr. GOH Gen Cheung  
Mr. ZHU Wuxiang  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming

### AUDIT COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)  
Mr. ZHU Wuxiang  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming

### INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. SIU Kin Wai (*Chairman*)(*appointed on 17 August 2020*)  
Mr. ZHANG Xudong (*appointed on 17 August 2020*)  
Mr. DONG Qilin  
Mr. LI Changfeng  
Mr. CHENG Ching Fu  
Mr. QIAN Xu (*resigned on 17 August 2020*)

### NOMINATION COMMITTEE

Mr. James CHAN (*Chairman*)  
Mr. GOH Gen Cheung  
Mr. QIAN Xu  
Mr. YU Luning  
Mr. SONG Lishui  
Mr. XIE Ming

### REMUNERATION COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)  
Mr. YU Luning  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming

### COMPANY SECRETARY

Mr. CHENG Ching Fu

### STOCK CODE

925

### AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu  
Mr. SIU Kin Wai

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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18 Harbour Road  
Wanchai, Hong Kong  
Tel: (852) 2511 6016  
Fax: (852) 2598 6905

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited  
Clarendon House, 2 Church Street  
Hamilton, HM11  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### AUDITOR

Ernst & Young

### WEBSITE

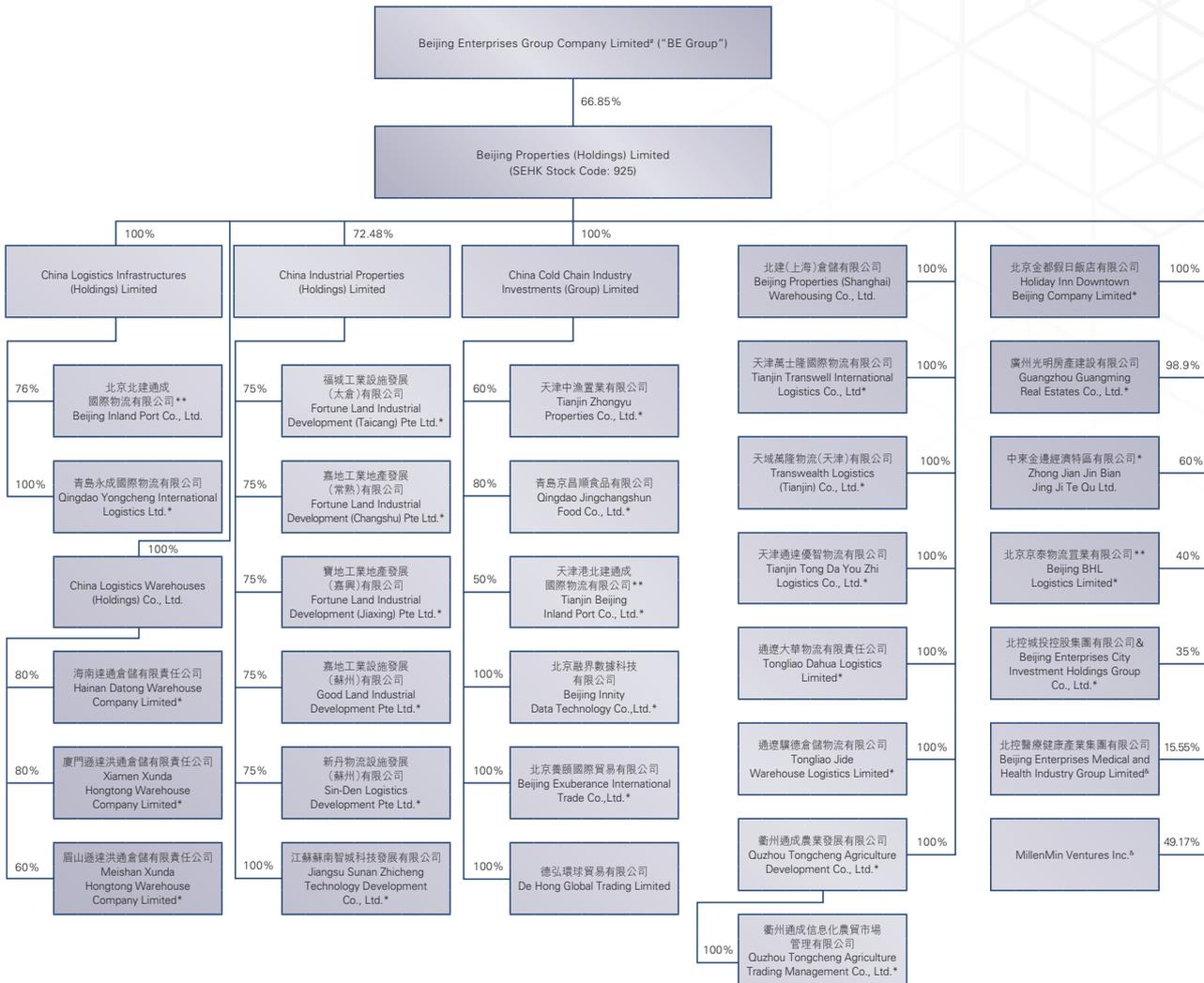
[www.bphl.com.hk](http://www.bphl.com.hk)

### PRINCIPAL BANKERS

China CITIC Bank International Ltd  
Shanghai Pudong Development Bank Co., Ltd  
Bank of China Limited  
China CITIC Bank International (China) Limited  
Taipei Fubon Commercial Bank Co. Ltd  
Industrial and Commercial Bank of China Limited

# GROUP STRUCTURE

As at 31 August 2020



\* BE Group indirect held 66.85% of the issued share capital of Beijing Properties (Holdings) Limited (the "Company") through its wholly-owned subsidiaries

\*\* For identification purpose only

\*\* Joint venture

& Associate

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2020 (the “2020 Period”), the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK\$137.04 million, representing an increase of approximately HK\$56.45 million as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK\$80.59 million recorded in the six months ended 30 June 2019 (the “2019 Period”).

### **BUSINESS REVIEW**

The Group is the only Hong Kong-listed company engaged in property-related business under Beijing Enterprises Group Company Limited (“BE Group”), the ultimate controlling company of the Group. The Group positions itself as a professional property developer focusing on logistics property, industrial property, cold chain property and land development businesses. As a developer, our profit is primarily derived from profits from the disposal of projects.

The Group’s business development model is divided into four stages, which are: financing – investment – cultivation and disposal. Due to relatively large upfront investment and that investment principal is mostly funded by loans, a high gearing ratio is an unavoidable phenomenon.

Since 2009, the Group has invested large capital sums in China and abroad to invest in and develop projects located in prime real estate locations. Along with stable project income and the stable growth of Chinese economy, capital values of certain projects have grown at satisfactory rates, when compared to their primary inputs. The Group has conducted in-depth exploration and attempts at the disposal of part of its logistics assets in 2019, and plans to dispose continuously part of its logistics assets and industrial property assets in 2021, to complete the construction of the Group’s entire business model. The disposal will recover a significant amount of funds for the Group, such that the goals of debt reduction, reinvestment and fund allocation in the Group’s business model can be realised. Leveraging on its own strength as a state-owned enterprise, the Group will further purchase and develop land in prime locations, in order to further enhance our levels of participation in the logistics, industrial and cold chain industries, and further consolidate our long-term profitability and model of capital gains.

Currently, the Group’s progress of each project will be explained in the analysis of various business segments below.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) High-end and Modern General Warehouses

The Group has been establishing a network of modern warehouses in prime locations across China to provide the infrastructure needed by e-commerce and import and export trade of the nation. These locations include Beijing, Shanghai, Tianjin, Xiamen, Chengdu, Haikou, Tongliao, Taicang, Qingdao and so on. Their particulars are as follows:

Location of warehouse	Notes	Planned and owned area (sq.m)	Operating leaseable area (sq.m)	Average occupancy rate for the six months ended 30 June	
				2020 (%)	2019 (%)
Beijing, Tongzhou District <sup>A</sup>	(a)	627,271	233,050	100	100
Shanghai, Pudong District <sup>#</sup>	(b)	211,555	211,555	62.14	81.00
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone) <sup>#</sup>	(c)	58,617	58,617	92.81	95.59
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone) <sup>#</sup>	(d)	16,083	16,083	100	100
Xiamen, Tong'an District	(e)	92,466	92,466	100	100
Meishan, Dongpo District	(f)	97,809	97,809	57.05	88.83
Hainan, Chengmai District	(g)	48,702	48,702	99.07	94.33
Tongliao, Ke'erqin District	(h)	31,113	31,113	51.34	55.50
Jiangsu, Taicang City	(i)	139,201	–	–*	–*
Qingdao, Jiaozhou City	(j)	145,170	–	–*	–*
		1,467,987	789,395		

<sup>A</sup> A joint venture of the Group.

<sup>#</sup> As at 30 June 2020, these projects have been classified as held for sale, as the Group intends to dispose of these projects. For details, please refer to the announcements of the Company dated 4 September 2019, 10 September 2019 and 29 October 2019.

\* Under construction

## MANAGEMENT DISCUSSION AND ANALYSIS

- (a) Majuqiao Logistics Park is the largest investment project to be developed and operated by Beijing Inland Port Co., Ltd. ("BIPL") and the Group. It will become one of the largest comprehensive logistics parks in northern China upon completion. The whole project will be completed in five phases. BIPL obtained the land lots for Phase I and Phase II of this project on 3 November 2015. Construction works of Phase I started on 19 September 2016 while that of land lot I and land lots II & III of Phase II started on 28 February 2017 and in April 2018, respectively. The land lot of Phase I was completed in September 2018, and the total leaseable area of 147,849 sq.m. of this lot has been delivered to customers for use with an occupancy rate of 100%. Land lot I of Phase II, with a total leaseable area of 84,535 sq.m., also commenced operation in November in the same year and achieved full occupancy. Land lots II & III of Phase II, with a total leaseable area of 79,044 sq.m., have been completed and passed inspection at the end of June 2020, of which lot II will be delivered in the second half of the year to customers to use, while a public tender for a joint venture partner, in the spirit of the directive (No. 21 of 2018 by Beijing SASAC (京國資發【2018】21號)) issued by SASAC of Beijing Municipality, was issued for lot III, with the winning bidder being Yuncai Supply Chain Management (Beijing) Limited\* (雲采供應鏈管理(北京)有限公司). Furthermore, the Group obtained the land lot for Phase III on 12 May 2017 at the minimum bidding price of RMB620 million. Also obtaining the Construction Registration Certificate in late 2018, the Group has satisfied all construction requirements and commenced construction works in March 2019, with erection of steel structures completed. Overground and underground commercial area under development is expected to reach an aggregate of 125,936 sq.m., and the construction works are expected to be completed in the fourth quarter of 2021. The Group has also expedited the preliminary application process of Phases IV and V. Upon the completion of the whole project, it will have a total leaseable area of approximately 627,271 sq.m. In view of the shortage of the modern warehouses in Beijing, the Group believe Phases IV and V will also reach full occupancy in a short period after completion.
- (b) During the first half of 2020, the global outbreak of novel coronavirus greatly impacted international trade, and along with the constant back-and-forth exchange in the U.S.-China trade war and the commencement of the Low Sulphur Fuel Surcharge implemented by the International Maritime Organisation, the international trade, shipping, logistics industries which the tenant groups of our Shanghai subsidiary have been hugely and adversely affected. Further, across the country, free-trade zones with richer functions have been in continuous expansion, and the Shanghai Free-Trade Zone Lingang New Area has been established, bringing great challenges to the Shanghai subsidiary in attracting businesses. The Shanghai warehouse has ensured the renewal of leases with customers by actively retaining existing customers, providing solutions to customers' problems by fully utilising its own resources, and strengthening its strategic cooperation with local park management, such that business can be stabilized and expanded by communicating sincerity. Through tireless efforts, tenancy rate has increased from 60.00% at the beginning of the year to 70.58% as at the end of June 2020.
- (c) The Tianjin (Tianjin Airport Zone) warehouse is still the sole warehouse supervised by Customs within the Tianjin Binhai International Airport area. The unique location allows the warehouse to maintain a stable occupancy rate. Within the warehouse, Phase I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") was fully rented by SF Express, with the occupancy rate maintained at 100% every year; the occupancy rate of the warehouse area of Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics") also reached 92.81% for the 2020 period.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (d) Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. The project has a total land area of 30,003 sq.m. and a total gross floor area of 16,083 sq.m. Currently the project has been fully leased to Kerry EAS Logistics Limited Tianjin Branch with a stable growth of income.
- (e) The Group operates five warehouses and two auxiliary buildings in Xiamen City, Fujian Province with a total leaseable area of 92,466 sq.m. These warehouses have been leased to a major player in the e-commerce industry of China, while the auxiliary buildings have been leased to a local industrial company. Full occupancy has been achieved and maintained between May 2018 and June 2020.
- (f) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leaseable area of approximately 97,809 sq.m. The average occupancy rate of the project in the first half of 2020 was approximately 57.05%, due to the impact of keen competition in the vicinity.
- (g) The Group is operating two warehouses in Chengmai County, Haikou City of Hainan Province with a total leaseable area of 48,702 sq.m. The average occupancy rate was 99.07% in the first half of 2020, following the signing of new lease contracts with a major e-commerce company and a well-known logistics company since 2019.
- (h) The Group's Tongliao project is situated in a prime location at the heart of Tongliao city with great accessibility as well as comprehensive and mature commercial infrastructure. Besides maintaining the existing warehouse leasing business, due to the prime location of the site, the Group is also actively exploring the possibility of developing the land into residential buildings with interested partners.
- (i) The Sin-Den project in Jiangsu, Taicang City, consists of double-layer high-end modern general warehouses with an expected floor area of approximately 150,524 sq.m. and a total leaseable area of approximately 139,201 sq.m. The acquisition of the project land was completed in September 2017, and construction commenced in late 2018 and is expected to be completed in September 2020. The Group believes that as the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. With its prime location, it is believed that once development is completed in future, this project will be quickly leased out and generate income and profits.
- (j) In March 2019, the Group has acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, along the west side of Jiaoda Avenue (交大大道) and the south side of Taohe Road (洮河路). The total area of the land is approximately 113,428 sq.m. The project enjoys a convenient location near the Jiaozhou Bay Express Highway (膠州灣高速) and Jiaozhou's airport, which will commence operation in the near future. Under this project, three 2-storeyed general warehouses and one multistoried cold storage is planned to be constructed conforming with international standards. The total gross floor area is approximately 155,400 sq.m. and has a total leaseable area of approximately 145,170 sq.m., with a total investment amount of approximately RMB650 million. The project has commenced construction in October 2019 and is expected to be completed by the end of 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Cold Chain Development

Another development focus of the Group is to establish nationwide cold chain logistics facilities, and, on such basis, further expand its cold chain business to connect both up and down streams through the self-developed online trading platform. The cold chain business developed by the Group mainly provides integrated logistics services for high-value imported meat and aquatic products. With the rise of China's middle-class society, the demand for quality food is growing rapidly every year. However, due to the lack of reform in the industry for some time in the past, the cold chain industry in China remains subject to high input and low digitalisation, and recorded a slow growth. Hence, no leading enterprises have emerged in the industry. This presents the Group with a great opportunity for development. The Group's cold chain business has rolled out international trade service, cold chain storage service and electronic business system development service for frozen products. Its strategic objective is to establish the best comprehensive cold chain industry service platform in the PRC to save costs and increase revenue for its customers by making full use of information technologies while eliminating financial risk of financial institutions by realising full control over inventories, information and funds along the whole chain.

Details of the current status of the cold storage business are as follows:

Warehouse location	Notes	Planned and	Operating	Average occupancy rate	
		owned storage	leaseable storage	for the six months ended 30 June	
		capacity	capacity	2020	2019
		(ton)	(ton)	(%)	(%)
Tianjin, Hangu District	(a)	75,000	45,000	83.52	75.83
Qingdao, Chengyang District,	(b)	8,000	8,000	53.83	36.17
Tianjin Port Area of Tianjin Free-Trade Zone	(c)	45,000	–	–*	–*
		128,000	53,000		

\* Under construction

- (a) Our Sino-Singapore Tianjin Eco-city cold chain warehouse is positioned to serve as a cold chain logistics hub and a processing and distribution centre for aquatic products in northern China. Occupying an area of approximately 31,301 sq.m., Phase I has both cold chain storage space and freezer with a total storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval and preliminary work is in progress. It is expected to complete construction and be put into operation in 2022. When operation commences, the total storage capacity of the Tianjin cold chain warehouse will reach 75,000 tons, thereby creating a comprehensive distribution centre that encompasses cold chain storage, light processing, showroom and cold chain delivery services. As of June 2020, the cold chain warehouse of Phase I maintained full occupancy, however the cold room has not been fully occupied due to relatively low market demand. As a result, the combined average occupancy rate of the cold chain storage space and freezer was 83.52%, with a total of 549 customers. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (b) Our Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in Chengyang District of Qingdao, China. The site area and storage capacity of Phase I of this project are approximately 15,352 sq.m. and 8,000 tons, respectively. The impact of novel coronavirus resulted in postponement and loss of goods storage from some customers in the first quarter of 2020. Having made strong efforts in attracting business, three frozen food trading customers were introduced in the second quarter as warehouse occupancy climbed steadily. As of June 2020, warehouse tenancy has reached 61.99%. The plan for Qingdao Jingchangshun Phase II project (i.e. the technological improvement project) is to build a meat and aquatic products processing plant, integrating warehousing, processing and delivery to transform into a delivery warehouse for urban centres and change from a single business revenue model to a diversified revenue model, in order to achieve the goal of maximising asset value. In-depth market research and feasibility study is currently under way.
- (c) Tianjin Beijing Inland Port Co., Ltd. ("Tianjin Port") is a joint venture established and held by the Group and Tianjin Port Group as to 50% each. Planned gross floor area is approximately 55,000 sq.m. with total investment of approximately RMB590,000,000. The project officially commenced construction in May 2020. The construction standard is three warehouses each occupying an area of approximately 10,000 sq.m. with a capacity of 15,000 tons. Upon completion, it will become the largest cold storage group in the Tianjin Port area to date. As of June 2020, the project has completed 240,000 cubic metres of earthworks, 480 columns of piling works, 3,000 sq.m. of slabs, with construction currently progressing smoothly.

In terms of overall development, the cold chain business realised a turnover of approximately RMB198,367,000 in the first half of 2020. Redesign of V1.0 of the online services and trading platform – Frozen Products Exchange (凍品交易港)(www.cciinet.cn) for commercial use is basically completed, with front end and back end separation of the system framework successfully achieved, integrating online registration, trading and payment. Meanwhile, the online platform safety management plan, implementation of full product life cycle management and full media channel operation management are also completed. At the same time, we have built a strategic partnership with Miumi International, leveraging its overseas supplier resources and mainland delivery network and sales channels to expand the Frozen Products Trading Port business; an intention of cooperation with Feimaoyunche Logistics (飛貓雲車物流) and Shanghai Guangqi Cold Chain (上海廣齊冷鏈) on regional cold chain delivery services; an intention of cooperation with Focus Media on frozen products merchant advertising. Meanwhile, we have commenced in-depth strategic cooperation with various enterprises in all segments of the cold chain. Services will be provided through cold storage partners at different locations. At the present stage, cooperation agreements have been reached with cold storage partners in, among other places, Dalian Bonded Logistics Park, Dalian Economic and Technological Development Zone, Fengxian District in Shanghai, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Zhanjiang City in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is taking shape. Current third-party cold chain logistics service partners include the cold chain branch of JD Logistics and SF Express. Overseas logistics service providers such as Kuehne-Nagel will be enlisted soon. Supported by the recently launched international trade services and an advanced internet technology system, an integrated service platform featuring the most comprehensive services and state-of-the-art technologies within the Chinese cold product industry will be established.

The Group will put the best effort in developing and promoting the cold chain business, with core development in our online trading platform and a full chain of processing and distribution centres in north China, east China, south China and the central China as the supporting assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Industrial Properties

As the metropolitan area of Shanghai continues to grow, certain existing high-end manufacturing industries in the region inevitably have to be relocated. Meanwhile, high-end European and American enterprises remain eager to set up production bases in China. As a result, high-end industrial properties are in demand in the Yangtze River Delta. Therefore, the Group commenced the industrial property business at the end of 2016 and formed several non-wholly owned subsidiaries (held by the Group as to 75%) with SSinolog (China) Holding I Pte. Ltd. from Singapore to develop high-end factories for lease in Taicang, Changshu, Suzhou, and Changzhou in the Jiangsu province, and Jiaxing in the Zhejiang province. Details of these projects are as follows:

Project location	Notes	Planned and owned area (sq.m)	Operating leaseable area (sq.m)	Average occupancy rate for the six months ended 30 June	
				2020 (%)	2019 (%)
Taicang City, Jiangsu	(a)	66,015	66,015	100	100
Suzhou City, Jiangsu	(b)	61,449	61,449	68.44	—*
Jiaxing City, Zhejiang	(c)	90,113	90,113	15.25	10.00
Changshu City, Jiangsu	(d)	169,687	169,687	41.83	6.00
Changzhou City, Jiangsu	(e)	489,340	—	—*	—*
		876,604	387,264		

\* Under construction

- (a) The project was completed in July 2017 and its real estate ownership certificate was obtained in December 2017. Its leaseable area has achieved full occupancy since January 2018. Many large European and U.S. smart manufacturing enterprises and high-end manufacturing enterprises are concentrated in the area where the project is located. The project has long-term leases with steady rental growth.
- (b) The land use right certificate for the project was obtained in May 2017. The project has a gross floor area of 65,540 sq.m. and was completed in April 2020, currently actively attracting business with average occupancy rate of 68.44% in the first half of 2020. The project is at a prime location with great accessibility and enjoys local government funds supporting industrial development.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (c) The land use right certificate for the project was obtained in April 2017. The project has a gross floor area of 94,455 sq.m., and was completed in May 2019, currently actively attracting business with average occupancy rate of 15.25% in the first half of 2020. The project is in a location adjacent to Shanghai and has great accessibility. Local government provides strong support to the manufacturing industry, with industry support funds and policies in place. The concentration of European and U.S. high-end manufacturing enterprises has generated economies of scale. Standard, high-end and customised plants have been constructed.
- (d) The land use right certificate for the project was obtained in June 2016. The project has a gross floor area of 172,693 sq.m., and was completed in May 2019, currently actively attracting business with average occupancy rate of 41.83% in the first half of 2020 and occupancy of 47.00% as of June 2020. The project is at a prime location with well-planned facilities in the surrounding area. It has good accessibility and is in proximity to the expressway network, with extensive local high-quality labour resources and ancillary facilities.
- (e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou City, Jiangsu Province in January 2018. The project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 477,579 sq.m. With a total investment amount of approximately RMB2 billion, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed in or around March 2022, and the construction of Phase II is expected to commence in the third quarter of 2020 and be completed in or around the second quarter of 2022. A part of the gross floor area will be sold to speed up cash recovery. The project will be the first internet economic platform cluster in Tianning District, Changzhou City and will facilitate collective innovation and sustainable development of Internet + businesses with “intelligence sharing + smart manufacturing + smart products” by integrating three core concepts, namely smart manufacturing, smart technology and smart design. It will also perform commercial, leisure and other urban functions so as to transform Jiangsu Sunan Zhicheng Technology Park into an industrial park that combine industry, city, the Internet and intelligence. The park has already signed up with Changzhou Videoworks Technology Co., Ltd. (常州網博視界科技股份有限公司), an internet+industry high-tech enterprise, to jointly develop the “future video production base of China”. The project is put on the list of key projects in Jiangsu Province in early 2020. It was also granted the major investment project award by Tianning District, Changzhou City.

As we have accumulated a certain amount of experience in investing, developing and managing industrial property, the Group is planning a transformation of its industry property segment by reducing our reliance on heavy asset investment. The industrial property team of the Group has created management brands for the industrial property segment, and will, from now on, increase liaisons with business partners to provide management services in relation to project investment, design, construction, promotion and disposal, so that both our business and our income can achieve diversified growth. Meanwhile, to be consistent with the sale of specialised property developer of the Group, once existing projects are mature, the Group will seek opportunity to sell projects at reasonable prices, and to realise the strategic goals of profit generation, debt reduction, reinvestment and fund allocation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (4) Belt & Road Initiative

The Sino-Cambodian SEZ project is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. This project has a planned target site area of 30,000,000 sq.m. Certificate for approximately 14,868,696 sq.m. of the land has been obtained. We are proactively introducing strategic partners, and are actively conducting business negotiations. Currently, the compliance control design and certain municipal designs of the project have been completed. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the SEZ covers urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the “Belt and Road” initiative and provide Chinese merchants with a clustered integrated industrial platform. The customs, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer one-stop services to enterprises within the SEZ. The Group mainly conducts primary land development in the SEZ and sells the same to Chinese enterprises upon completion of land development to realise the returns of land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

The Cambodian government is currently rolling out a number of policies to attract investments from foreign enterprises. Such policies aim at establishing a free and open economic system by offering equal treatment to foreign and domestic investors. In recent years, the Cambodian economy has been expanding rapidly at a GDP growth rate of 7% or above for five consecutive years. With an average age of less than 30, the population of Cambodia offers abundant manpower.

The Group believes that thanks to the stable and amicable long-term relation between China and Cambodia, as well as its effective control on land acquisition costs, the sale of such land will create fruitful returns for the Group in the future. Currently the overall project planning has been completed. The whole project will be developed in phases, and continuously financed by profits on land transfers and borrowings from financial institutions, and it is not expected to bring too much financial pressure to the Group.

### (5) Specialised Wholesale Market

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. (“Quzhou Tongcheng”) has been approved to establish a modern agricultural wholesale market project, including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesaling centre for agricultural products, serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq.m. and was officially opened in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq.m., and were officially opened in November 2017. Lot III is at the stage of sketch design refinement. As at 30 June 2020, the market had a leaseable area of 162,742 sq.m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone, a public ancillary market facility zone. In the first half of 2020, the average occupancy rate of the existing area was 54.91%, representing a stable growth from 49.01% for the same period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (6) Commercial Properties

- (a) Guangzhou Guangming Property Construction Co., Ltd. (“Guangzhou Guangming”) owns 99% interest in Metro Mall. The mall is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. Metro Mall has a gross floor area of approximately 61,967 sq.m., and is an 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. The average occupancy rate is maintained at approximately 83.90% in the first half of 2020.
- (b) Holiday Inn Downtown Beijing Company Limited (“BJ Holiday Inn”) is a wholly- owned subsidiary of the Group, and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travellers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry reasons, despite being a long time leader in occupancy rate among the Beijing Holiday Inn hotel brand, the hotel’s contribution to the Group’s profit remained limited. Thus, BJ Holiday Inn signed a contract with Beijing Shouhou Healthcare and Elderly Care Enterprise Management Limited (北京首厚康健養老企業管理有限公司) to entrust operations. The hotel has ceased operations and commenced renovations in the first quarter of 2020. Based on the entrusted contract, the Group will receive a significant increase in net profits after the renovation is completed, which is expected in the fourth quarter of 2021.

- (7) Beijing Enterprises City Investment Holdings Group Co., Ltd. (“BE City Investment”): On 13 November 2017, the Group and strategic investors and its management established BE City Investment, 35% equity interest of which is held by the Group as the single largest shareholder. BE City Investment is a mixed investment holding group dominated by state- owned capital. With the core objective of investing in and consolidation of urban land resources and improving their values, BE City Investment is positioned to invest in and operate new urban infrastructures, introduce urban basic industries, build a new industry- city integration investment operator and an integrated urban public service provider. Its principal activities cover comprehensive investment in and development of urban land; comprehensive investment in and operation of old district redevelopment and urban renewal projects amidst the in-depth urbanisation process; development, construction and operation of unique towns built on models such as cultural tourism and healthcare nursing located in suburban areas around China’s core cities. During 2019, BE City Investment had actively established the presence in the key areas under China’s strategic plan, and made full use of its shareholders’ comprehensive strengths in general municipal planning, business integration, financing and technical innovations. After more than a year’s planning, it has primarily created a business model based on the development of industry-city integrated areas and the renewal of core cities with focus in the Great Bay Area. and has won the tender for the largest redevelopment project for old towns, old factories and old villages in Foshan, a core city in the Greater Bay area, and also for a project in relation to the comprehensive development of an industry-city integrated area in Panlong, Kunming, a major city along China’s “Belt and Road” initiative. With the vigorous development of the business model, the scale of operation is also expanding. In the future, the company will combine specific projects, in order to achieve the goal of becoming a unique comprehensive urban operation and investment group with a leading position in the PRC, and to realise development profits, so as to bring considerable returns of investment to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **BUSINESS PROSPECTS**

The sudden outbreak of novel coronavirus in early 2020 is ravaging the globe, causing sustained negative impact on the economy. The external environment may grow even tougher in future with increased uncertainties and challenges. For China, however, the impact of the outbreak to China's economy remains within a manageable extent, and growth has been rapid since resumption of work and production. The positive outlook of China's economy remains fundamentally unchanged. Currently, with various regions and departments introducing a series of policy measures, resumption of work and production is accelerating across the country, hitting the "reset button" for economic development as the "shroud" of the outbreak is gradually lifted.

With urban development and general national regulation, land for logistics in core locations of major cities in China has become scarce, while there is still growth in warehousing demand, indicating a positive outlook for the industry. Thus, in the long run, the Group's quality logistics property projects have huge room for growth in terms of land and asset value. Industrial property in China, a sunrise industry, remains in the primary development stage, but transformation, upgrade, and adjustment of China's industrial structure, particularly the technological revolution and industrial overhaul demanded by the Yangtze Delta integration development strategy, will be favourable to the development of the Group's industrial property projects. With regards to the cold chain industry, business to business (B2B) online trading is still to enter a rapid growth phase. In particular, B2B development for the frozen products industry remains slow under the constraint of factors such as financing and logistics. In time, the Group will launch its China frozen product industry integrated service platform centred around the Frozen Product Exchange, which will satisfy our customers in the frozen product industry for online trading and financing, reduce transaction costs, enhance trading efficiency, and provide solutions to development of industry scale and technology. Development of the platform shall bring about an ecosystem where businesses upstream and downstream in the frozen product industry agglomerate, changing the industrial landscape, allowing producers, traders and service providers to share resources and achieve win-win for all.

As a professional property developer, the Group develops and nurtures quality projects, eventually realising overall profit for projects through sale, completing a full investment cycle of "financing, investment, cultivation, disposal". In 2019, based on active exploration and strong efforts for completion of exit paths, work on asset disposal for part of our logistics assets and industrial property has commenced this year, in order to realise positive flow back of capital, reduce debts, and utilisation on expanding new projects, and achieve quality and sustainable development of the Group. Despite a lengthier period of development for the first cycle, the Group's development cycle will gradually quicken and achieve sustainable profitability, while further expanding participation in logistics property, industrial property, cold chain and primary land development. We believe we shall bring satisfying returns to our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and gross profit analysis

The revenue (net of value-added tax and government surcharges) for the 2020 Period amounted to approximately HK\$375.26 million, representing an increase of approximately HK\$168.82 million or 81.78%, from approximately HK\$206.44 million for the 2019 Period. The gross profit for 2020 Period amounted to approximately HK\$138.11 million, representing a decrease of approximately HK\$16.08 million, or 10.43% from approximately HK\$154.19 million for the 2019 Period.

The revenue (net of value-added tax and government surcharges) contributions of the Group's assets included:

Name of assets	2020		2019		Change	
	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %
<b>High-end and Modern General Warehouses Business</b>						
Shanghai	32,555		45,806		(13,251)	
Tianjin	15,509		16,980		(1,471)	
Xiamen	14,705		14,748		(43)	
Meishan	4,462		7,206		(2,744)	
Hainan	9,170		8,900		270	
Tongliao	1,050		711		339	
	<b>77,451</b>	<b>92.13</b>	<b>94,351</b>	<b>92.12</b>	<b>(16,900)</b>	<b>0.01</b>
<b>Cold chain logistics warehouses</b>						
Tianjin	25,445		17,100		8,345	
Qingdao	1,534		941		593	
	<b>26,979</b>	<b>69.86</b>	<b>18,041</b>	<b>47.57</b>	<b>8,938</b>	<b>22.29</b>
<b>Trading</b>						
Hong Kong	26,129		–		26,129	
Beijing	192,710		5,810		186,900	
	<b>218,839</b>	<b>0.84</b>	<b>5,810</b>	<b>0.81</b>	<b>213,029</b>	<b>0.03</b>
<b>Specialised wholesale markets</b>						
Quzhou Tongcheng	11,803	72.24	11,376	58.16	427	14.08
<b>Industrial properties</b>						
Taicang City, Jiangsu	11,052		10,998		54	
Suzhou City, Jiangsu	985		–		985	
Jiaxing City, Zhejiang	2,420		891		1,529	
Changshu City, Jiangsu	10,431		–		10,431	
	<b>24,888</b>	<b>93.45</b>	<b>11,889</b>	<b>93.73</b>	<b>12,999</b>	<b>(0.28)</b>
<b>Commercial properties</b>						
Guangzhou	15,302		20,456		(5,154)	
Beijing	–		44,520		(44,520)	
	<b>15,302</b>	<b>93.37</b>	<b>64,976</b>	<b>62.28</b>	<b>(49,674)</b>	<b>31.09</b>
The Group	<b>375,262</b>	<b>36.80</b>	<b>206,443</b>	<b>74.69</b>	<b>168,819</b>	<b>(37.89)</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the 2020 Period amounted to approximately HK\$77.45 million, representing a decrease of approximately HK\$16.9 million or 17.91% from approximately HK\$94.35 million for the 2019 Period. The decrease was primarily attributable to the impact caused by COVID-19 to Shanghai warehouse. The gross profit margin maintain at approximately 92.13% for the 2020 Period.

### Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the 2020 Period amounted to approximately HK\$26.98 million, representing an increase of approximately HK\$8.94 million or 49.56% from approximately HK\$18.04 million for the 2019 Period. The increase was primarily attributable to the increase in inventory turnover rate which in turn increase the value-added service income.

### Trading business

The revenue contribution of trading business for the 2020 Period amounted to approximately HK\$218.84 million, representing an increase of approximately HK\$213.03 million, or 3,666.61% from approximately HK\$5.81 million for the 2019 Period. The increase was primarily attributable to the commencement of trading business in 2019 and the business is expanding.

### Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the 2020 Period amounted to approximately HK\$11.80 million, representing an increase of approximately HK\$0.42 million, or 3.69%, from approximately HK\$11.38 million for the 2019 Period.

### Industrial properties

The revenue contribution of industrial properties for the 2020 Period amounted to approximately HK\$24.89 million, representing an increase of approximately HK\$13.00 million or 109.34% from approximately HK\$11.89 million for the 2019 Period. The increase was primarily attributable to the completion of 2 projects in Jiangsu in the 2020 Period.

### Commercial properties

The revenue contribution of commercial properties for the 2020 Period amounted to approximately HK\$15.30 million, representing a decrease of approximately HK\$49.68 million or 76.45% from approximately HK\$64.98 million for the 2019 Period. The decrease was primarily attributable to (i) the decrease in profit sharing from Guangzhou Guangming due to the COVID-19 effect; and (ii) cessation of operations of BJ Holiday Inn due to commencement of renovations in the 2020 Period. The gross profit margin increased from approximately 62.28% for the 2019 Period to approximately 93.37% for the 2020 Period.

### Changes in fair value of investment properties, net

During the 2020 Period, net fair value gain of investment properties was approximately HK\$241.30 million, the gain was mainly attributable to the fair value increment of properties located in Shanghai, Tianjian, Xiamen and Taicang.

### Other income and gains, net

During the 2020 Period, net other income and gains were approximately HK\$18.86 million, which represented a decrease approximately HK\$49.43 million, or 72.38%, from approximately HK\$68.29 million for the 2019 Period. The decrease in net other income and gains was primarily related to the decrease in government grants.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Selling and distribution expenses**

During the 2020 Period, selling and distribution expenses were approximately HK\$0.71 million, which represented a decrease of approximately HK\$7.11 million, or 90.92%, from approximately HK\$7.82 million for the 2019 Period.

### **Administrative expenses**

During the 2020 Period, administrative expenses were approximately HK\$100.61 million, which represented a decrease of approximately HK\$11.76 million, or 10.47%, from approximately HK\$112.37 million for the 2019 Period. The decrease in administrative expenses was primarily related to expenses for the business expansion in industrial property business and cold chain warehouses business in the 2019 Period.

### **Other expenses**

During the 2020 Period, other expenses were approximately HK\$6.21 million, which represented an increase of approximately HK\$0.59 million, or 10.50%, from approximately HK\$5.62 million for the 2019 Period.

### **Finance costs**

During the 2020 Period, finance costs were approximately HK\$312.71 million, representing an increase of approximately HK\$70.51 million, or 29.11%, from approximately HK\$242.20 million for the 2019 Period. The finance costs included: (i) interest on bank and other loans of approximately HK\$98.83 million (2019 Period: approximately HK\$87.38 million); and (ii) interest on USD guaranteed bonds of approximately HK\$213.88 million (2019 Period: approximately HK\$154.82 million). The increase in finance cost was primarily related to the increase in interest on USD guaranteed bonds of HK\$59.06 million as (i) the issuance of USD600,000,000 5.95% guaranteed bond in February 2020 and (ii) repayment of USD300,000,000 4.375% guaranteed bonds in March 2020.

### **Share of profits of joint ventures**

During the 2020 Period, the share of profits of joint ventures of approximately HK\$52.74 million was mainly contributed by BIPL. The decrease in sharing profits of joint ventures for 2020 compared to 2019 was primarily related to the decrease in fair value increment in investment properties of BIPL.

### **Share of losses of associates**

During the 2020 Period, the share of losses of associates of approximately HK\$22.01 million was mainly contributed by share the results of Beijing Enterprises Medical and Health Industry Group Limited ("BE M&H"), a listed company on The Stock Exchange of Hong Kong Limited and BE City Investment.

### **Income tax expense**

Income tax expense for the 2020 Period included current income tax of HK\$8.39 million (2019 Period: HK\$17.37 million). Deferred tax expense for the 2020 Period was HK\$76.30 million (2019 Period: HK\$46.14 million) which arose from the change in the fair value of investment properties.

### **Investment properties**

Investment properties increased by approximately HK\$771.90 million, which was mainly due to (i) the construction of warehouse of HK\$198.29 million; (ii) the increase in fair value of HK\$241.30 million; and (iii) the transfer of properties in Beijing from property, plant and equipment of HK\$521.17 million during 2020 Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business. There was no movement during the 2020 Period.

### Interests in joint ventures

Interests in joint ventures increased by approximately HK\$26.28 million, which was mainly due to the net effect of (i) share of profits of HK\$52.74 million during 2020 Period; (ii) capital injection into Tianjin Beijing Inland Port Company Limited of HK\$10.97 million; and (iii) share of translation reserve of HK\$24.13 million during 2020 Period.

### Interests in associates

Interests in associates decreased by approximately HK\$36.92 million, mainly due to the net effect of (i) share of losses of HK\$22.01 million during 2020 Period; and (ii) share of translation reserve of HK\$6.36 million during 2020 Period.

### Equity investment at fair value through other comprehensive income

Equity investment increased by approximately HK\$5.88 million, which was due to the net effect of (i) the drop in closing market price as at 30 June 2020 of CAQ comparing to the last year; and (ii) the purchase of shares of Jingsu Videoworks Technology Co., Ltd. during 2020 Period.

### Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia and Jiangsu for the Group primary land development business and industrial property business, respectively.

### Cash and cash equivalents (including restricted cash)

Cash and cash equivalents increased by HK\$864.64 million, mainly due to the net effect of (i) repayment of loans from BIPL of HK\$44.13 million; (ii) net bank loans of HK\$661.52 million drawn; (iii) issuance of guaranteed bonds of USD600 million (approximately HK\$4,680.00 million) in February 2020; (iv) repayment of guaranteed bonds of USD 300 million (approximately HK\$2,340.00 million) in March 2020; (v) partial repurchase of guaranteed bonds of USD36.3 million (approximately HK\$283.14 million) during the period from March 2020 to May 2020; (vi) addition of investment properties of HK\$198.29 million; and (vii) settlement for the put option relating to the interest in China Logistics Infrastructures (Holdings) Limited of HK\$1,315.72 million.

### Held for sale

Held for sale represented assets and liabilities from (i) Advance Wit Group, (ii) Superior Gain Group, (iii) Hong Heng Group and Integral Success and (iv) Fubao Global Group and Power Deal Group (the "Disposal Group"). The Disposal Group is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. Up to the date of this report, the transaction has not been completed. Therefore, the assets and liabilities from the Disposal Group are classified into held for sale as at 30 June 2020. For more details, please refer to the Company's announcements dated 4 September 2019, 10 September 2019 and 29 October 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Due to other related parties

Due to other related parties was mainly representing funding granted by the non-controlling shareholder of the Company's subsidiary located in Singapore, the amount is unsecured, interest-free and not repayable within one year.

### Bank and other borrowings

Bank and other borrowings increased by HK\$661.52 million (non-current portion increased by HK\$779.71 million and current portion decreased by HK\$118.19 million), mainly due to the net effect of utilising to finance for the construction of projects in the PRC.

### Guaranteed bonds

Guaranteed bonds represented a 3 years' period bond issued in February 2020 which has a par value of USD600 million and a 2 years' period bond issued in August 2018 which has a par value of USD213.7 million.

### Liquidity and financial resources

As at 30 June 2020, for accounting purposes, the Group had total borrowings of approximately HK\$10,615.28 million (31 December 2019: approximately HK\$7,936.10 million) which included: (i) approximately HK\$4,321.42 million from bank and other borrowings; and (ii) approximately HK\$6,293.86 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 177.53% (31 December 2019: approximately 133.69%).

As at 30 June 2020, the Group's balance of bank and other borrowings amounted to approximately HK\$4,321.42 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 53.83%, 16.68% and 29.49%, respectively. 49.46% of these bank and other borrowings was repayable less than one year. As at 30 June 2020, the Group's cash and bank balances amounted to approximately HK\$1,872.68 million, which were denominated in USD, HK\$ and RMB as to 80.51%, 2.15% and 17.34%, respectively. Bank and other borrowings of an aggregate amount of HK\$4,321.42 million bear interest at floating rates, the USD guaranteed bonds issued in August 2018 and February 2020 bear coupon rates of 9.00% and 5.95% per annum, respectively. The cash and bank balances, together with the unutilized banking facilities, are sufficient to finance the Group's businesses at the moment. As at 30 June 2020, the Group's current ratio and quick ratio were approximately 88.72% and 84.82%, respectively (31 December 2019: approximately 43.19% and 40.59%, respectively). The net total borrowings of the Group as at 30 June 2020 (total borrowings less cash and cash equivalents and restricted cash) was HK\$8,742.60 million (31 December 2019: HK\$6,928.05 million), representing an increase of HK\$1,814.55 million as compared to the previous year.

### Contingent liabilities

As at 30 June 2020, the Group had no contingent liabilities (31 December 2019: Nil).

### Capital expenditures

During the 2020 Period, the Group spent approximately HK\$199.62 million (2019 Period: approximately HK\$414.00 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital commitments

As at 30 June 2020, the Group had outstanding contracted capital commitments amounted to approximately HK\$775.28 million in aggregate which comprised commitments for:

- the outstanding construction costs of approximately RMB598.24 million (equivalent to approximately HK\$656.21 million) committed for logistic facilities and industrial plants.
- the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK\$115.17 million) payable for BE City Investment.
- the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK\$3.9 million) payable for a joint venture.

### Treasury policies

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

### Foreign exchange exposure

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

### Charges on assets

As at 30 June 2020, the Group had bank loans with principal amounts of approximately HK\$1,285.44 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

### Litigations

As at 30 June 2020, the Group had no pending litigation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had a total of 526 (six months ended 30 June 2019: 700) employees. Total staff cost incurred during the 2020 Period amounted to approximately HK\$45.44 million (six months ended 30 June 2019: HK\$60.83 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

### APPRECIATION

The Board would like to express our appreciation to our shareholders, customers, banks and business partners for their continuous trust and support, and also to all of our staff for their dedicated efforts in facilitating the Group's business restructuring and perseverance in face of challenges.

By Order of the Board  
**Beijing Properties (Holdings) Limited**  
**Qian Xu**  
*Chairman*

Hong Kong, 31 August 2020

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
REVENUE	4	375,262	206,443
Cost of sales and services		(237,154)	(52,253)
Gross profit		138,108	154,190
Change in fair value of investment properties, net		241,295	136,591
Other income and gains, net	4	18,856	68,290
Selling and distribution expenses		(712)	(7,818)
Administrative expenses		(100,610)	(112,370)
Other expenses		(6,208)	(5,623)
Finance costs	5	(312,713)	(242,203)
Share of profits and losses of:			
Joint ventures		52,742	99,995
Associates		(22,011)	(27,185)
PROFIT BEFORE TAX	6	8,747	63,867
Income tax	7	(84,690)	(63,507)
PROFIT/(LOSS) FOR THE PERIOD		(75,943)	360
Attributable to:			
Shareholders of the Company		(137,042)	(80,592)
Non-controlling interests		61,099	80,952
		(75,943)	360
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	9	HK(1.97) cents	HK(1.16) cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(75,943)</b>	360
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	<b>(146,956)</b>	(11,494)
– Share of other comprehensive income/(loss) of:		
Joint ventures	<b>(24,127)</b>	(1,883)
Associates	<b>(6,363)</b>	6,812
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<b>(177,446)</b>	(6,565)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	<b>(698)</b>	(1,935)
– Share of other comprehensive loss of associates	<b>(3,229)</b>	(2,182)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<b>(3,927)</b>	(4,117)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL</b>	<b>(181,373)</b>	(10,682)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(257,316)</b>	(10,322)
Attributable to:		
Shareholders of the Company	<b>(307,098)</b>	(88,229)
Non-controlling interests	<b>49,782</b>	77,907
	<b>(257,316)</b>	(10,322)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		515,971	1,064,352
Investment properties	10	6,650,698	5,878,802
Right-of-use assets		79,644	82,193
Goodwill		123,022	123,022
Interests in joint ventures		1,842,430	1,816,152
Interests in associates		647,743	684,663
Equity investments at fair value through other comprehensive income		11,230	5,347
Prepayments, deposits and other receivables		9,025	9,201
Land held for development or sale		4,384,324	4,373,799
Pledged and restricted bank deposits		6,192	6,266
Deferred tax assets		57	33,257
Total non-current assets		14,270,336	14,077,054
<b>CURRENT ASSETS</b>			
Properties held for sale		89,009	90,419
Inventories		132,395	165,322
Trade receivables	11	28,854	15,358
Prepayments, deposits and other receivables		145,699	159,850
Due from joint ventures		115,584	140,427
Due from an associate		85	87
Pledged and restricted bank deposits		28,771	28,084
Cash and cash equivalents		1,837,721	973,696
Assets of disposal groups classified as held for sale		2,378,118	1,573,243
		2,664,901	2,673,885
Total current assets		5,043,019	4,247,128

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade payables	12	6,171	2,812
Other payables and accruals		732,242	2,098,220
Due to a joint venture		22	3,399
Due to other related parties		15,407	13,901
Bank and other borrowings		2,137,394	2,255,581
Guaranteed bonds		1,664,567	4,276,188
Income tax payables		45,229	55,155
Defined benefit obligations		19,082	–
Provision for compensation		217,573	221,878
		<b>4,837,687</b>	8,927,134
Liabilities directly associated with the assets of disposal groups classified as held for sale		<b>846,679</b>	905,534
Total current liabilities		<b>5,684,366</b>	9,832,668
<b>NET CURRENT LIABILITIES</b>		<b>(641,347)</b>	(5,585,540)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,628,989</b>	8,491,514
<b>NON-CURRENT LIABILITIES</b>			
Due to a joint venture		193,942	197,779
Due to other related parties		173,368	175,911
Bank and other borrowings		2,184,032	1,404,326
Guaranteed bonds		4,629,291	–
Deferred revenue		121,008	114,124
Defined benefit obligations		–	19,878
Deferred tax liabilities		1,402,666	1,397,498
Total non-current liabilities		<b>8,704,307</b>	3,309,516
Net assets		<b>4,924,682</b>	5,181,998
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	13	696,933	696,933
Reserves		2,206,103	2,513,201
		<b>2,903,036</b>	3,210,134
<b>Non-controlling interests</b>		<b>2,021,646</b>	1,971,864
Total equity		<b>4,924,682</b>	5,181,998

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to shareholders of the Company												
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Capital and other reserves	Financial asset revaluation reserve	Defined benefit plan reserve	Exchange fluctuation reserve	PRC statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	696,933	1,762,147	367,278	164,113	(66,137)	(128,890)	(6,917)	(733,231)	14,049	1,140,789	3,210,134	1,971,864	5,181,998
Loss for the period	-	-	-	-	-	-	-	-	-	(137,042)	(137,042)	61,099	(75,943)
Other comprehensive loss for the period:													
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(135,639)	-	-	(135,639)	(11,317)	(146,956)
- Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax effect of nil	-	-	-	-	-	(698)	-	-	-	-	(698)	-	(698)
- Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	-	(24,127)	-	-	(24,127)	-	(24,127)
- Share of other comprehensive loss of associates	-	-	-	-	(1,118)	(2,111)	-	(6,363)	-	-	(9,592)	-	(9,592)
Total comprehensive loss for the period	-	-	-	-	(1,118)	(2,809)	-	(166,129)	-	(137,042)	(307,098)	49,782	(257,316)
Transfer to reserves	-	-	-	-	-	-	-	-	3,286	(3,286)	-	-	-
At 30 June 2020	696,933	1,762,147*	367,278*	164,113*	(67,255)*	(131,699)*	(6,917)*	(899,360)*	17,335*	1,000,461*	2,903,036	2,021,646	4,924,682
At 1 January 2019	696,933	1,762,147	367,278	180,715	(62,281)	(107,495)	(5,828)	(567,139)	9,238	1,657,010	3,930,578	2,639,652	6,570,230
Profit for the period	-	-	-	-	-	-	-	-	-	(80,592)	(80,592)	80,952	360
Other comprehensive income/(loss) for the period:													
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(9,114)	-	-	(9,114)	(2,380)	(11,494)
- Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax effect of nil	-	-	-	-	-	(1,935)	-	-	-	-	(1,935)	-	(1,935)
- Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	-	(1,218)	-	-	(1,218)	(665)	(1,883)
- Share of other comprehensive income/(loss) of associates	-	-	-	-	(363)	(1,819)	-	6,812	-	-	4,630	-	4,630
Total comprehensive loss for the period	-	-	-	-	(363)	(3,754)	-	(3,520)	-	(80,592)	(88,229)	77,907	(10,322)
Contribution from the non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,138	1,138
Transfer to reserves	-	-	-	-	-	-	-	-	1,890	(1,890)	-	-	-
At 30 June 2019	696,933	1,762,147	367,278	180,715	(62,644)	(111,249)	(5,828)	(570,659)	11,128	1,574,528	3,842,349	2,718,697	6,561,046

\* These reserve accounts comprise the consolidated reserves of HK\$2,206,103,000 (Unaudited)(31 December 2019: HK\$2,513,201,000) in the condensed consolidated statement of financial position as at 30 June 2020.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net cash flows from operating activities</b>	<b>136,284</b>	19,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(1,336)	(1,061)
Acquisition of investment properties	(307,423)	(322,237)
Government grants received	12,251	34,665
Investments in joint ventures	(10,969)	(245,398)
Investment in an associate	–	(80,597)
Investment in an equity investment	(6,619)	–
Advance to a joint venture	(44,128)	(28,888)
Repayment of loans advanced to a joint venture	44,128	294,653
Acquisition of non-controlling interests	(1,318,036)	–
Interest received	8,921	8,538
(Increase)/decrease in time deposits with maturity of more than three months when acquired	(99,267)	74,974
<b>Net cash flows used in investing activities</b>	<b>(1,722,478)</b>	(265,351)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contribution from non-controlling equity holders of a subsidiary	–	1,138
New loans	921,597	782,578
Repayment of loans	(300,337)	(300,368)
Issue of a guaranteed bond	4,624,049	–
Repayment of guaranteed bonds	(2,623,140)	–
Repayment from other related parties	(2,543)	–
Advance from an associate	–	197,774
Interest paid	(295,949)	(225,306)
<b>Net cash flows from financing activities</b>	<b>2,323,677</b>	455,816

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>737,483</b>	210,430
<b>Cash and cash equivalents at beginning of period</b>	<b>1,100,278</b>	1,077,328
<b>Effect of foreign exchange rate changes, net</b>	<b>(29,231)</b>	(3,863)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,808,530</b>	1,283,895
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the consolidated statement of financial position	<b>1,837,721</b>	1,283,577
Add: Restricted cash and pledged deposits in connection with bank borrowings	<b>34,963</b>	42,421
Add: Cash and cash equivalents attributable to disposal groups held for sale	<b>63,797</b>	–
Less: Time deposits with maturity of more than three months when acquired	<b>(127,951)</b>	(42,103)
Cash and cash equivalents as stated in the consolidated statement of cash flows	<b>1,808,530</b>	1,283,895

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2019 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which became effective for the first time for the current period’s financial statements, as further detailed in note 2 below.

In preparing the interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group had net current liabilities of HK\$641 million, including net current assets of HK\$1,818 million contributed by disposal groups classified as held for sale, and capital commitments of HK\$775 million as at 30 June 2020. The directors of the Company consider that the Group will be able to continue as a going concern, based on (i) the Group’s internal financial resources; (ii) the unutilised banking facilities available to the Group; and (iii) the new banking facilities currently under negotiation.

In addition, the Company has an existing plan to realise certain investments and/or properties, and will consider to sign a syndicated facility of up to US\$300 million (equivalent to HK\$2,340 million) with a major bank in which an unbinding mandate has been obtained by the Group to meet the liabilities as and when they fall due.

The interim condensed consolidated financial information was not audited, but has been reviewed by the Company’s audit committee.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 2. CHANGES IN ACCOUNTING POLICIES

#### Adoption of revised HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than as explained below regarding the impact of Amendments to HKFRS 3 *Definition of a Business*, Amendments to HKFRS 16 *Covid-19-Related Rent Concessions* (early adopted) and Amendments to HKAS 1 and HKAS 8 *Definition of Material*, the following revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the following revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### Adoption of revised HKFRSs (Continued)

(b) (Continued)

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$270,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

(c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on usages of properties held and has five reportable operating segments as follows:

- a. the properties business segment engages in the leasing of commercial properties in Mainland China and the provision of related management services, and a hotel operation in Beijing, the People's Republic of China (the "PRC");
- b. the logistics business segment engages in the leasing of general warehouses, cold chain logistic warehouses and specialised wholesale market, and the provision of related logistic and management services;
- c. the industrial business segment engages in the leasing of industrial plants and the provision of related management services;
- d. the trading business segment engages in the trading of frozen products; and
- e. the primary land development business segment engages in the sale of land held for development or sale and provision of primary land development services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit/loss, which is a measure of the adjusted profit/loss before tax, except that interest income, non-lease-related finance costs, fair value gain of derivative instrument, foreign exchange difference, as well as head office and corporate income/expenses are excluded from such measurement.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 3. OPERATING SEGMENT INFORMATION (Continued)

Segment assets excluded amounts due from joint ventures and associates, pledged and restricted bank deposits, cash and cash equivalents, deferred tax assets, equity investments at fair value through other comprehensive income and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amounts due to joint ventures and other related parties, bank and other borrowings, guaranteed bonds, income tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Properties business		Logistics business		Industrial business		Trading Business		Primary land development business		Total	
	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the six months ended 30 June 2019 (Unaudited) HK\$'000
Segment revenue:												
Sales to external customers	15,302	64,976	116,233	129,578	24,888	11,889	218,839	-	-	-	375,262	206,443
Segment results:												
The Group	(15,870)	149	313,005	148,839	13,503	75,531	(3,535)	-	(849)	(704)	306,254	223,815
Share of profits/(losses) of:												
Joint ventures	-	-	52,742	99,995	-	-	-	-	-	-	52,742	99,995
Associates	(7,462)	(10,825)	-	41	-	-	-	-	(14,549)	(16,401)	(22,011)	(27,185)
	(23,332)	(10,676)	365,747	248,875	13,503	75,531	(3,535)	-	(15,398)	(17,105)	336,985	296,625
Reconciliation:												
Fair value gain of a derivative instrument											-	4,693
Bank interest income											8,921	8,538
Other interest income											2,380	3,606
Foreign exchange differences, net											(3,261)	2,984
Corporate and other unallocated income and expenses, net											(23,565)	(10,376)
Finance costs											(312,713)	(242,203)
Profit before tax											8,747	63,867

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Industrial business		Trading Business		Primary land development business		Total	
	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000										
<b>Segment assets</b>	<b>2,834,891</b>	2,899,173	<b>8,216,432</b>	7,895,429	<b>1,650,214</b>	1,673,221	<b>167,207</b>	196,681	<b>4,344,009</b>	4,365,128	<b>17,212,753</b>	17,029,632
Reconciliation:												
Corporate and other unallocated assets											<b>2,100,602</b>	1,294,550
Total assets											<b>19,313,355</b>	18,324,182
<b>Segment liabilities</b>	<b>(402,138)</b>	(408,182)	<b>(1,089,091)</b>	(1,186,749)	<b>(145,927)</b>	(214,615)	<b>(141,814)</b>	(94,065)	<b>(11)</b>	(11)	<b>(1,778,981)</b>	(1,903,622)
Reconciliation:												
Corporate and other unallocated liabilities											<b>(12,609,692)</b>	(11,238,562)
Total liabilities											<b>(14,388,673)</b>	(13,142,184)

#### Geographical information

- (a) Geographical information of revenue is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China.
- (b) Non-current assets

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Mainland China	<b>10,029,926</b>	9,807,215
Cambodia	<b>4,120,309</b>	4,120,309
Others	<b>1</b>	9
	<b>14,150,236</b>	13,927,533

The non-current asset information above is based on the location of the assets and exclude financial instruments and deferred tax assets.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Information about major customers

During the six months ended 30 June 2020, the Group had transactions with one (six months ended 30 June 2019: Nil) external customer, including sales to a group of entities which are known to be under common control with that customer, which individually contributed over 10% of the Group's total revenue of HK\$93,145,000 from sale of frozen products in trading business.

### 4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents (1) the gross rental income received and receivable from investment properties, net of value-added tax and government surcharges; (2) the service fee from a hotel operation, net of value-added tax and government surcharges; (3) the management fee income from the services rendered, net of value-added tax and government surcharges; and (4) trading income, net of value-added tax and government surcharges.

An analysis of the Group's revenue, other income and gains, net is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Revenue</b>		
Gross rental income from investment properties	114,070	126,681
Property management fee	14,688	10,633
Logistics and other ancillary services	27,665	18,792
Hotel operation	–	44,520
Sale of frozen products	218,839	5,817
	<b>375,262</b>	206,443
<b>Other income</b>		
Bank interest income	8,921	8,538
Other interest income	2,380	3,606
Government grants	5,195	38,413
Others	5,621	10,056
	<b>22,117</b>	60,613
<b>Gains, net</b>		
Fair value gain of a derivative financial instrument	–	4,693
Foreign exchange differences, net	(3,261)	2,984
	<b>(3,261)</b>	7,677
Other income and gains, net	<b>18,856</b>	68,290

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loans	91,644	87,385
Interest on loans from related parties	7,192	–
Interest on guaranteed bonds	213,877	154,818
	<b>312,713</b>	242,203

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Direct cost of rental income	7,476	10,750
Cost of hotel operation	–	23,392
Cost of services provided	12,668	12,348
Cost of goods sold	217,010	5,763
Depreciation of property, plant and equipment	17,268	23,618
Less: Amount included in cost of sales and services	(4,407)	(12,170)
	<b>12,861</b>	11,448
Depreciation of right-of-use assets	1,300	1,475
Impairment of rental income receivables*	6,160	–
Foreign exchange differences, net	3,261	(2,984)

\* This item is included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 7. INCOME TAX

No provision for Hong Kong profits tax and Cambodia corporate income tax has been made as the Group did not generate any assessable profits arising in Hong Kong and Cambodia during both periods.

PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on prevailing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Mainland China:		
Current	8,392	17,365
Deferred	76,298	46,142
	<b>84,690</b>	63,507

### 8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

### 9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount for the period is based on the unaudited loss for the period attributable to shareholders of the Company of HK\$137,042,000 (six months ended 30 June 2019: HK\$80,592,000), and the weighted average number of 6,969,331,680 (six months ended 30 June 2019: 6,969,331,680) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2020 and 30 June 2019 in respect of a dilution as the share options outstanding had no diluting effect on the basic loss per share amounts presented.

### 10. INVESTMENT PROPERTIES

Except for certain investment properties located in Shanghai, Taicang, Beijing, Tianjin, Xiamen, Haikou and Qingdao the PRC, with a total fair value of HK\$1,961,257,000, HK\$672,586,000, HK\$521,167,000, HK\$499,090,000, HK\$393,781,000, HK\$210,605,000 and HK\$136,237,000 respectively, as at 30 June 2020, the fair value of the remaining investment properties of the Group as at 30 June 2020 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2019 because the directors of the Company do not consider there was any material change in the fair value of these investment properties during the six months ended 30 June 2020.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2020 and 31 December 2019 included rental income receivable from tenants of the Group's investment properties, service fees receivable from customers of the Group's logistic centres, room charges and services fee arising from the Group's hotel operation and receivable from customers of trading business. The Group does not hold any collateral or other credit enhancement over its trade receivables, except for trade receivables in relation to rental income which were fully collateralised by the security deposits paid by the relevant customers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within one month	<b>19,934</b>	9,467
One to three months	<b>8,609</b>	5,636
Over three months	<b>311</b>	255
	<b>28,854</b>	15,358

The Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss for all trade receivables. An expected credit loss allowance for trade receivables in relation to rental income from investment properties of HK\$6,160,000 (six months ended 30 June 2019: Nil) was recognised during the six months ended 30 June 2020.

### 12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Within one month	<b>6,171</b>	2,508
One to three months	–	59
Over three months	–	245
	<b>6,171</b>	2,812

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 13. SHARE CAPITAL

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.10 each	<b>1,000,000</b>	1,000,000
Issued and fully paid:		
6,969,331,680 ordinary shares of HK\$0.10 each	<b>696,933</b>	696,933

### 14. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Contracted, but not provided for:		
Capital injection into an associate	<b>115,175</b>	117,453
Capital injection into a joint venture	<b>3,900</b>	3,900
Construction of logistics facilities	<b>656,206</b>	753,126
Total capital commitments	<b>775,281</b>	874,479

In addition, the Group's share of joint ventures' own capital commitments, which are contracted but not provided for and not included in the above disclosure, amounted to HK\$535,217,000 (31 December 2019: HK\$715,553,000) as at 30 June 2020.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 15. RELATED PARTY DISCLOSURES

(a) The Group entered into the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest income, net of withholding tax received or receivable from a joint venture	(i)	2,380	3,606
Interest income from a fellow subsidiary	(ii)	290	518
Interest expense to a fellow subsidiary	(iii)	5,494	–

Notes:

- (i) The interest income was charged on bank entrusted loans advanced to the joint venture at mutually-agreed rates.
- (ii) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and BG Finance on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non-wholly-owned subsidiary of BE Group and acts as a platform for members of BE Group for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 2022. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Agreement will not exceed HK\$400,000,000 (31 December 2019: HK\$650,000,000). Further details of the Deposit Agreement are set out in the Company's announcement dated 28 April 2017 and 29 October 2019.

The deposits placed by the Group with BG Finance as at 30 June 2020 amounted to HK\$360,459,000 (31 December 2019: HK\$266,616,000), of which HK\$1,215,000 is included in assets of disposal groups classified as held for sale.

- (iii) The interest expense was charged on loans from BG Finance at mutually-agreed rates.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 15. RELATED PARTY DISCLOSURES (Continued)

#### (b) Transactions with other state-owned entities in Mainland China

The Company is a state-owned enterprise of the PRC government and is subject to the control of the Stateowned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality and ultimate control of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively the "Other SOEs"). During the period, the Group had transactions with the Other SOEs including, but not limited to, bank borrowings and deposits and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's businesses, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are individually or collectively significant related party transactions that require separate disclosure in the financial statements.

#### (c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Short term employee benefits	9,219	9,129
Pension scheme contributions	442	827
	<b>9,661</b>	9,956

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group's corporate finance team headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments, therefore, no disclosure of the fair values of these financial instruments is made.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table sets out a comparison, by carrying amount and fair value, of the Group's financial instruments that are carried in the financial statements at other than fair value:

	Carrying amount		Fair value	
	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
<b>Non-current financial assets:</b>				
Deposits and other receivables	9,025	9,201	9,025	9,201
<b>Non-current financial liabilities:</b>				
Due to a joint venture	193,942	197,779	181,035	184,480
Due to other related parties	173,368	175,911	162,273	164,482
Bank and other borrowings	2,184,032	1,404,326	2,124,413	1,308,612
Guarantee bonds	4,629,291	–	4,580,406	–
	<b>7,180,633</b>	<b>1,778,016</b>	<b>7,048,127</b>	<b>1,657,574</b>

### 17. EVENTS AFTER THE REPORTING PERIOD

The Group has the following significant events after the reporting period:

- (a) On 12 August 2020, BPHL Capital Management Limited ("BPHL Capital Management"), a wholly-owned subsidiary of the Company, additionally issued 5.95% guaranteed bonds due 2023 in an aggregate amount of US\$150,000,000 (the "Additional Bonds") to independent third parties, to be consolidated and form a single series with the existing US\$600,000,000 5.95% guaranteed bonds due 2023 of BPHL Capital Management (together with the Additional Bonds, the "2023 Notes"). The Company has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by BPHL Capital Management under the subscription agreements for the issue of the 2023 Notes.
- (b) On 26 August 2020, Jiangsu Sunan Zhicheng Technology Development Co., Ltd., a subsidiary of the Company, entered into a loan agreement with several banks and an authorised financial institution under China Banking Regulatory Commission for loan amount of up to RMB1,300,000,000, in which the authorised financial institution is a fellow subsidiary of the Group. The transaction constitutes a connected transaction of the Company and is subject to independent shareholders' approval. Further details are set out in the Company's announcement dated 26 August 2020.

### 18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2020.

## DISCLOSEABLE INFORMATION

### DIRECTORS' INTERESTS IN CONTRACTS AND CONTRACTS OF SIGNIFICANT

No contracts of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during and at the end of the period.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests and short positions of the directors and the chief executive of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

#### Long position in the ordinary shares of the Company:

Name of Directors	Number of ordinary shares				Total	Approximate percentage of the Company's issued share capital <i>(Note 2)</i>
	Personal Interest	Family Interest	Corporate interest	Other interest		
Mr. Yu Luning	9,690,000	0	0	0	9,690,000	0.139%
Mr. Ng Kin Nam	98,445,200	9,729,000	42,491,800	0	150,666,000	2.162%

*(Note 1)*

Notes:

- 42,491,800 ordinary shares of HK\$0.10 each in the share capital of the Company ("Shares") as at 30 June 2020 are held by Jade Investment Limited which is beneficially owned by Mr. Ng Kin Nam and the spouse of Mr. Ng Kin Nam.
- The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2020 of 6,969,331,680 Shares.

## DISCLOSEABLE INFORMATION

### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)**

#### **Long position in underlying shares of the Company:**

The interests of the directors and chief executives in the share options of the Company are separately disclosed in the section "Share option scheme" below.

Save as disclosed above, as at 30 June 2020, none of the directors or chief executives had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

### **SHARE OPTION SCHEME**

On 18 March 2010, the Company adopted a share option scheme (the "Scheme") and, unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and Directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders of the Company. The Directors of the Company may, at their discretion, invite employees (including executive Directors) and non-executive Directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK\$1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the Board at their discretion, save that no option may be exercised later than 10 years after the grant date. No option may be granted more than 10 years after the date of approval of the Scheme.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the Company's ordinary shares on the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Company's ordinary shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of an ordinary share of the Company. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The exercise price of the share options is subject to adjustment in case of right or bonus issues, or other similar changes in the Company's share capital. Share Options do not counter rights on the holders to dividends or to vote at shareholders' meetings.

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2020:

Name or category of participant	Number of share options				At 30 June 2020	Date of grant of share options	Exercise period of share options	Exercise price of share options
	At 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period				
		(Note 2)	(Note 2)			(Note 1)		HK\$ per share (Note 1)
<b>Directors:</b>								
Mr. Qian Xu	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	6,000,000	-	-	-	6,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	10,000,000	-	-	-	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	-	-	-	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	5,000,000	-	-	-	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	40,000,000	-	-	-	40,000,000			
Mr. Zhao Jiansuo	1,500,000	-	-	-	1,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,200,000	-	-	-	3,200,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,700,000	-	-	-	4,700,000			
Mr. Siu Kin Wai	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	6,000,000	-	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	-	-	-	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	-	-	-	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	-	-	-	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	28,000,000	-	-	-	28,000,000			
Mr. Zhang Xudong	1,300,000	-	-	-	1,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	2,000,000	-	-	-	2,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	700,000	-	-	-	700,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	-	-	-	2,000,000	08-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,000,000	-	-	-	6,000,000			
Mr. Dong Qilin	3,000,000	-	-	-	3,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	-	-	-	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	-	-	-	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	-	-	-	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	-	-	-	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	19,300,000	-	-	-	19,300,000			
Mr. Li Changfeng	2,500,000	-	-	-	2,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	-	-	-	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	-	-	-	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	-	-	-	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	-	-	-	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	18,800,000	-	-	-	18,800,000			

## DISCLOSEABLE INFORMATION

## SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2020	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2020	Granted during the period <i>(Note 2)</i>	Exercised during the period <i>(Note 2)</i>	Cancelled during the period				
Mr. Cheng Ching Fu	1,000,000	-	-	-	1,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,000,000	-	-	-	3,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	2,500,000	-	-	-	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	-	-	-	2,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	11,500,000	-	-	-	11,500,000			
Mr. Yu Luning	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,000,000	-	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	3,000,000	-	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	22,000,000	-	-	-	22,000,000			
Mr. Goh Gen Cheung	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	8,337,700	-	-	-	8,337,700			
Mr. Zhu Wuxiang	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			
Mr. James Chan	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2020	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share (Note 1)
	At 1 January 2020	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Mr. Song Lishui	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
Mr. Li Shuping*	1,500,000	-	-	-	1,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,500,000	-	-	-	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000			
<b>Other employees and consultants in aggregate:</b>								
	73,500,000	-	-	-	73,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	179,775,400	-	-	-	179,775,400	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	110,800,000	-	-	-	110,800,000	24-May-13	24-May-13 to 23-May-23	0.574
	140,950,000	-	-	-	140,950,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	23,300,000	-	-	-	23,300,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	54,000,000	-	-	-	54,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	582,325,400	-	-	-	582,325,400			
	758,963,100	-	-	-	758,963,100			

Notes:

\* Mr. Li Shuping has been re-designated as the Company's consultant upon his resignation from executive director on 6 January 2020.

- The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## DISCLOSEABLE INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs "Directors' and Chief Executives' interests in shares and underlying shares" and "Share option scheme", at no time during the six months ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, so far as was known to the directors or chief executive of the following persons (not being Directors or chief executive of the Company) had, an interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

#### Long positions in shares and underlying shares of the Company:

Name	Notes	Number of shares held, capacity and nature of interest		Number of underlying shares held, capacity and nature of interest		Total	Approximate percentage of the Company's issued share capital (%)
		Directly beneficially owned	Through a controlled corporation	Directly beneficially owned	Through a controlled corporation		
Brilliant Bright Holdings Limited	(a)	1,557,792,500	-	-	-	1,557,792,500	22.35%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,526,882,407	1,557,792,500	-	-	4,084,674,907	58.61%
北京北控置業集團有限公司 (Beijing Enterprises Real-Estate Group Limited)	(c)	-	4,084,674,907	-	-	4,084,674,907	58.61%
Illumination Holdings Limited	(d)	87,451,458	-	-	-	87,451,458	1.25%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	-	-	574,617,653	8.24%
Beijing Enterprises Group Company Limited	(f)	-	4,659,292,560	-	-	4,659,292,560	66.85%
Thular Limited	(g)	327,196,000	-	-	-	327,196,000	4.69%
Kerry Holdings Limited	(g)	-	327,196,000	-	-	327,196,000	4.69%
Kerry Group Limited	(g)	-	327,196,000	-	-	327,196,000	4.69%

## DISCLOSEABLE INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)**

#### **Long positions in shares and underlying shares of the Company: (Continued)**

Notes:

- (a) Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 Shares.
- (b) Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) holds 2,526,882,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly-owned subsidiary, Brilliant Bright.
- (c) BEREHK is a wholly-owned subsidiary of BE Real Estate. BE Real Estate is deemed to be interested in the Shares which BEREHK is interested in.
- (d) Illumination Holdings Limited ("Illumination") holds 87,451,458 Shares.
- (e) Beijing Holdings Limited ("BHL") (i) holds 487,166,195 shares; and (ii) is deemed to be interested in the 87,451,458 Shares of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.
- (f) BE Real Estate and BHL are wholly-owned subsidiaries of BE Group. BE Group is deemed to be interested in the Shares which BE Real Estate and BHL are interested in.
- (g) Thular Limited ("Thular") is the beneficial owner of 327,196,000 Shares. As Thular is wholly owned by Kerry Holdings Limited ("KHL") which is in turn wholly owned by Kerry Group Limited ("KGL"), KHL and KGL are also deemed to be interested in the Shares held by Thular.

Save as disclosed above, as at 30 June 2020, no person whose interests had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES**

Changes in information of directors since the date of the Annual Report 2019 of the Company up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Zhang Xudong has been appointed as an executive director, the president and the member of investment and risk management committee of the Company with effect from 17 August 2020.

Mr. Sin Kin Wai has been appointed as the chairman of investment and risk management committee of the Company with effect from 17 August 2020.

Mr. Qian Xu has resigned as the chairman of investment and risk management committee with effect from 17 August 2020.

Directors' updated biographies are available on the Company's website.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DISCLOSEABLE INFORMATION

### SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the “Agreement(s)”) with covenants relating to specific performance by the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Tenor	Final maturity	Specific performance obligations
11 December 2017	Term loan facility with a bank	USD200 million	December 2020	Note 1	Note 1
7 June 2018	Revolving loan facility with a bank	HK\$200 million	–	Note 1	Note 1
21 February 2019	Revolving loan facility with a bank	HK\$350 million	–	Note 1	Note 1
13 June 2019	Term loan facility with a bank	HK\$182 million and USD6.5 million	June 2022	Note 1	Note 1
23 September 2019	Revolving loan facility with a bank	HK\$180 million	–	Note 1	Note 1
24 February 2020	Subscription agreement for issuance of bonds	USD600 million	February 2023	Note 1	Note 1
17 March 2020	Term loan facility with a bank	USD100 million	March 2023	Note 1	Note 1
7 August 2020	Subscription agreement for issuance of bonds	USD150 million	February 2023	Note 1	Note 1

Notes:

- The Company undertakes to the bank(s) that the borrower (which is a subsidiary of the Company) will procure BE Group to continue to beneficially own (directly or indirectly) at least 40% of the entire issued share capital of the Company. If the borrower fails to perform or comply with this, the bank is entitled to require, by written notice to the Company, to cure such default within the time specified by the banks. If the Company does not remedy such failure to the bank’s satisfaction, the bank is entitled to (a) declare the loan, accrued interest and all other sums payable under the Agreement(s) immediately due and payable; and (b) declare the loan facility terminated whereupon the obligation of the bank to make any advance under the loan facility shall immediately cease.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

#### Partial Repurchase and Cancellation of U.S.\$250,000,000 9.0% guaranteed bonds due 2020

During the six months ended 30 June 2020, Nimble City Limited, a subsidiary of the Company, has repurchased part of the Bonds in an aggregated principal amount of US\$36,300,000 (the “Repurchased Bonds”) in the open market during the period from 19 March 2020 to 8 May 2020, representing approximately 14.52% of the initial aggregate principal amount of the Bonds. All of the Repurchased Bonds have been or will be cancelled. After cancellation of the Repurchased Bonds, the outstanding aggregate principal amount of the Bonds is US\$213,700,000, representing 85.48% of the initial aggregate principal amount of the Bonds. Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during six months ended 30 June 2020.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

## CORPORATE GOVERNANCE REPORT

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)**

In the opinion of the directors of the Company, the Company has complied with the Corporate Governance Code set out in Appendix 14 to the Rules Governing of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2020, except as disclosed herein below.

Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. During the six months ended 30 June 2020, not all independent non-executive directors attended general meetings of the Company due to other business engagements, which deviates from code provision A.6.7.

Under code provision E.1.2, the chairman of the board should attend the Annual General Meeting and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. However, the chairman of the board was unable to attend the annual general meeting held on 15 June 2020 (the “2020 AGM”) due to their other business commitments. Our chairman appointed Mr. Siu Kin Wai, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit, remuneration and nomination committees also attended the 2020 AGM.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

### **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SHARE DEALING**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director’s securities transaction during the six months ended 30 June 2020.

### **AUDIT COMMITTEE**

The audit committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls, risk management and financial reporting of the Group, including review of the unaudited results for the six months ended 30 June 2020 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

During the six months ended 30 June 2020, the audit committee members are all independent non-executive directors. Members of the audit committee are Mr. Goh Gen Cheung (Chairman), Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming.