BEIJING PROPERTIES (HOLDINGS) LIMITED
北京建設（控股）有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 925)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "Board") of Beijing Properties (Holdings) Limited (the "Company") would like to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2021, together with comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**301,274**	375,262
Cost of sales and services		**(87,795)**	(237,154)
Gross profit		**213,479**	138,108
Change in fair value of investment properties, net		**32,120**	241,295
Other income and gains, net	*4*	**21,220**	18,856
Selling and distribution expenses		**(1,194)**	(712)
Administrative expenses		**(95,531)**	(100,610)
Other expenses		**(1,881)**	(6,208)
Finance costs	*5*	**(291,238)**	(312,713)
Share of profits and losses of:			
Joint ventures		**85,558**	52,742
Associates		**(5,028)**	(22,011)

	Notes	For the six months ended 30 June **2021** **(Unaudited)** ***HK$'000***	2020 (Unaudited) *HK$'000*
PROFIT/(LOSS) BEFORE TAX	*6*	**(42,495)**	8,747
Income tax	*7*	**(36,742)**	(84,690)
LOSS FOR THE PERIOD		**(79,237)**	(75,943)
Attributable to:			
Shareholders of the Company		**(102,007)**	(137,042)
Non-controlling interests		**22,770**	61,099
		(79,237)	(75,943)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	*9*	**HK(1.46) cents**	HK(1.97) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(79,237)**	(75,943)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**98,046**	(146,956)
– Share of other comprehensive income/(loss) of:		
Joint ventures	**25,808**	(24,127)
Associates	**(961)**	(6,363)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**122,893**	(177,446)
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	**(5,463)**	(698)
– Share of other comprehensive loss of associates	**(3,924)**	(3,229)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(9,387)**	(3,927)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX OF NIL	**113,506**	(181,373)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**34,269**	(257,316)
Attributable to:		
Shareholders of the Company	**2,292**	(307,098)
Non-controlling interests	**31,977**	49,782
	34,269	(257,316)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	**30 June 2021 (Unaudited)** *HK$'000*	31 December 2020 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**551,401**	549,002
Investment properties	*10*	**7,647,558**	7,500,679
Right-of-use assets		**75,763**	76,594
Goodwill		**123,022**	123,022
Interests in joint ventures		**2,026,525**	1,911,166
Interests in associates		**670,997**	677,305
Equity investments at fair value through other comprehensive income		**18,596**	23,971
Prepayments, other receivables and other assets		**10,159**	9,768
Land held for development or sale		**4,158,375**	5,179,078
Pledged and restricted bank deposits		**7,929**	6,132
Total non-current assets		**15,290,325**	16,056,717
CURRENT ASSETS			
Properties under development		**1,351,248**	–
Properties held for sale		**101,145**	95,988
Inventories		**13,784**	8,412
Trade receivables	*11*	**82,704**	51,694
Prepayments, other receivables and other assets		**249,704**	224,053
Due from joint ventures		**95,025**	109,692
Pledged and restricted bank deposits		**6,964**	16,608
Cash and cash equivalents		**425,591**	743,910
		2,326,165	1,250,357
Assets of disposal groups classified as held for sale		**2,914,103**	2,854,199
Total current assets		**5,240,268**	4,104,556

	Notes	**30 June 2021 (Unaudited) *HK$'000***	31 December 2020 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**445,031**	342,199
Other payables and accruals		**547,867**	570,952
Due to a joint venture		**24**	1,078
Due to other related parties		**53,271**	17,701
Bank and other borrowings		**2,117,932**	1,887,177
Income tax payables		**48,779**	46,980
Provision for compensation		**243,218**	240,242
		3,456,122	3,106,329
Liabilities directly associated with the assets of disposal groups classified as held for sale		**847,793**	845,512
Total current liabilities		**4,303,915**	3,951,841
NET CURRENT ASSETS		**936,353**	152,715
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,226,678**	16,209,432
NON-CURRENT LIABILITIES			
Due to a joint venture		**212,562**	209,961
Due to other related parties		**191,678**	189,392
Bank and other borrowings		**2,630,785**	2,700,687
Guaranteed bonds		**5,805,559**	5,794,046
Deferred revenue		**134,849**	135,314
Defined benefit obligations		**13,876**	13,858
Deferred tax liabilities		**1,530,931**	1,494,005
Total non-current liabilities		**10,520,240**	10,537,263
Net assets		**5,706,438**	5,672,169
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*13*	**696,933**	696,933
Reserves		**2,793,617**	2,791,325
		3,490,550	3,488,258
Non-controlling interests		**2,215,888**	2,183,911
Total equity		**5,706,438**	5,672,169

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the "Listing Rules") 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 "HKICPA"). 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 2020. 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 2020 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, 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 assets of approximately HK$936 million, including net current assets of HK$2,066 million contributed by disposal groups classified as held for sale. 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; and (ii) the unutilised banking facilities available to the Group.

Subsequent to the reporting period in July 2021, the Group has obtained a syndicated loan of US$65 million and HK$195 million which is repayable in 2023. In addition, the Company has an existing plan to realise certain investments and/or properties and the Company will consider to extend the maturity date of the loan from a fellow subsidiary due 2021.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and the amendment did not have any impact on the financial position and performance of the Group.

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 and a health care property in Mainland China and the provision of related management services;

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.

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 2021	For the six months ended 30 June 2020	**For the six months ended 30 June 2021**	For the six months ended 30 June 2020	**For the six months ended 30 June 2021**	For the six months ended 30 June 2020	**For the six months ended 30 June 2021**	For the six months ended 30 June 2020	**For the six months ended 30 June 2021**	For the six months ended 30 June 2020	**For the six months ended 30 June 2021**	For the six months ended 30 June 2020
	(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*
Segment revenue:												
Sales to external customers	**40,852**	15,302	**146,763**	116,233	**62,871**	24,888	**50,788**	218,839	**–**	–	**301,274**	375,262
Segment results:												
The Group	**34,995**	(15,870)	**97,989**	313,005	**60,699**	13,503	**(5,220)**	(3,535)	**(623)**	(849)	**187,840**	306,254
Share of profits/(losses) of:												
Joint ventures	**–**	–	**85,558**	52,742	**–**	–	**–**	–	**–**	–	**85,558**	52,742
Associates	**(414)**	(7,462)	**–**	–	**–**	–	**–**	–	**(4,614)**	(14,549)	**(5,028)**	(22,011)
	34,581	(23,332)	**183,547**	365,747	**60,699**	13,503	**(5,220)**	(3,535)	**(5,237)**	(15,398)	**268,370**	336,985
Reconciliation:												
Bank interest income											**2,123**	8,921
Other interest income											**2,506**	2,380
Foreign exchange differences, net											**5,324**	(3,261)
Corporate and other unallocated income and expenses, net											**(29,580)**	(23,565)
Finance costs											**(291,238)**	(312,713)
Profit/(loss) before tax											**(42,495)**	8,747

	Properties business		Logistics business		Industrial business		Trading Business		Primary land development business		Total	
	30 June 2021	31 December 2020	**30 June 2021**	31 December 2020	**30 June 2021**	31 December 2020	**30 June 2021**	31 December 2020	**30 June 2021**	31 December 2020	**30 June 2021**	31 December 2020
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**3,063,467**	3,015,118	**9,073,904**	8,816,428	**3,289,434**	2,907,246	**68,401**	35,659	**4,365,458**	4,370,001	**19,860,664**	19,144,452
Reconciliation:												
Corporate and other unallocated assets											**669,929**	1,016,821
Total assets											**20,530,593**	20,161,273
Segment liabilities	**425,537**	419,640	**1,016,698**	1,037,225	**637,933**	532,665	**18,021**	15,444	**10**	11	**2,098,199**	2,004,985
Reconciliation:												
Corporate and other unallocated liabilities											**12,725,956**	12,484,119
Total liabilities											**14,824,155**	14,489,104

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 2021 (Unaudited) ***HK$'000***	31 December 2020 (Audited) *HK$'000*
Mainland China	**11,030,747**	11,795,208
Cambodia	**4,120,309**	4,120,309
	15,151,056	15,915,517

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

Information about major customers

During the six months ended 30 June 2021, the Group had transactions with one external customer, including sales to a group of entities which are known to be under common control with that customer (six months ended 30 June 2020: one), which individually contributed over 10% of the Group's total revenue of HK$39,177,000 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 management fee income from the services rendered, net of value-added tax and government surcharges; and (3) trading income, net of valued-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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Gross rental income from investment properties	**194,679**	114,070
Property management fee	**24,715**	14,688
Logistics and other ancillary services	**31,092**	27,665
Sale of frozen products	**50,788**	218,839
	301,274	375,262
Other income		
Bank interest income	**2,123**	8,921
Other interest income	**2,506**	2,380
Government grants	**2,078**	5,195
Others	**9,189**	5,621
	15,896	22,117
Gains, net		
Foreign exchange differences, net	**5,324**	(3,261)
Other income and gains, net	**21,220**	18,856

5. FINANCE COSTS

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**71,936**	91,644
Interest on loans from related parties	**35,182**	7,192
Interest on guaranteed bonds	**184,120**	213,877
	291,238	312,713

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Direct cost of rental income	**12,653**	7,476
Cost of services provided	**25,182**	12,668
Cost of goods sold	**49,960**	217,010
Depreciation of property, plant and equipment	**10,937**	17,268
Less: Amount included in cost of sales and services	**(4,638)**	(4,407)
	6,299	12,861
Depreciation of right-of-use assets	**1,498**	1,300
Impairment of rental income receivables*	**–**	6,160

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

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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Mainland China:		
Current	**5,497**	8,392
Deferred	**31,245**	76,298
	36,742	84,690

8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (sixth months ended 30 June 2020: 6,969,331,680) ordinary shares in issue during the period.

In respect of the diluted loss per share amounts for the six months ended 30 June 2021 and 30 June 2020, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share amounts presented.

10. INVESTMENT PROPERTIES

Except for certain investment properties located in Taicang, Suzhou, Jiaxing and Changshu, with a total fair value of HK$1,081,991,000, HK$307,766,000, HK$394,326,000 and HK$770,618,000 respectively, as at 30 June 2021, the fair value of the remaining properties of the Group as at 30 June 2021 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2020 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 2021.

11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2021 and 31 December 2020 included rental income receivable from tenants of the Group's investment properties, service fees receivable from customers of the Group's logistic centres 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:

	30 June 2021 (Unaudited) ***HK$'000***	31 December 2020 (Audited) *HK$'000*
Billed:		
Within one month	**32,021**	17,683
One to three months	**2,402**	3,495
Over three months	**523**	947
	34,946	22,125
Unbilled:	**47,758**	29,569
	82,704	51,694

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. No expected credit loss allowance for trade receivables in relation to rental income from investment properties (six months ended 30 June 2020: HK$6,160,000) was recognised during the six months ended 30 June 2021.

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:

	30 June 2021 (Unaudited) ***HK$'000***	31 December 2020 (Audited) *HK$'000*
Billed:		
Within one month	**292**	23,194
One to three months	**71**	8
Over three months	**596**	194
	959	23,396
Unbilled:	**444,072**	318,803
	445,031	342,199

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

13. SHARE CAPITAL

	30 June 2021 (Unaudited) ***HK$'000***	31 December 2020 (Audited) *HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
6,969,331,680 ordinary shares of HK$0.10 each	**696,933**	696,933

14. CAPITAL COMMITMENTS

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

	30 June 2021 (Unaudited) ***HK$'000***	31 December 2020 (Audited) *HK$'000*
Contracted, but not provided for:		
Capital injection into an associate	**126,232**	124,688
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities	**591,851**	643,119
Total capital commitments	**721,983**	771,707

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$571,315,000 (31 December 2020: HK$759,627,000) as at 30 June 2021.

15. EVENTS AFTER THE REPORTING PERIOD

In addition to the new loan obtained in July 2021 as disclosed in note 1, the Group has the following significant events after the reporting period:

On 23 August 2021, the board of directors of the Company resolved to seek a proposed mandate to dispose of 90% of the issued share capital in each of New Concord Properties Limited and New Fine International Development Limited and assignment of the sale loans by way of public tender through China Beijing Equity Exchange. Further details are set out in the Company's announcement dated 24 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021 (the "2021 Period"), the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$102.01 million, representing a decrease of approximately HK$35.03 million as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$137.04 million recorded in the six months ended 30 June 2020 (the "2020 Period").

BUSINESS REVIEW

The Group is the only Hong Kong-listed company engaged in property-related business under its ultimate controlling company, Beijing Enterprises Group Company Limited ("BE Group"). The Group positions itself as a professional property developer that engages in businesses such as logistics property, cold chain property, industrial property and commercial property, as well as primary land development. As a developer, our profit is primarily derived from the profits from the sales of its projects.

The Group's business development model is divided into four stages, which are: financing – investment – cultivation and disposal.

Due to the relatively large upfront investment and the fact 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 the Chinese economy, capital values of certain projects have grown at satisfactory rates as compared to their primary inputs. The Group has conducted in-depth exploration and attempts at disposing of part of its logistics assets in 2019, and plans to continuously dispose of part of its logistics assets and industrial property assets in 2021, to complete the construction of the Group's entire business model. Such disposals 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 its own strength as a state-owned enterprise, the Group will purchase and develop more land in prime locations, in order to further enhance our levels of participation in the logistics, industrial and cold chain industries, and, at the same time, develop our asset-light business model by combining and finding a balance between asset-heavy and asset-light approaches, and further consolidate our long-term profitability and model of capital gains.

The progress of each of the Group's projects will be explained in the analysis of the respective business segments below.

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, Haikou, Tongliao, Taicang, Qingdao and so on. Their particulars are as follows:

Location of warehouses	*Notes*	**Planned and owned area** *(sq. m.)*	**Operating leaseable area** *(sq. m.)*	**Average occupancy rate for the six months ended 30 June** **2021** *(%)*	2020 *(%)*
Tongzhou District, Beijing[Δ]	*(a)*	623,008	307,166	**98.85**	100
Pudong District, Shanghai[#]	*(b)*	211,555	211,555	**53.37**	62.14
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)[#]	*(c)*	57,670	57,670	**92.69**	92.81
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)[#]	*(d)*	16,083	16,083	**100**	100
Tong'an District, Xiamen	*(e)*	92,466	92,466	**100**	100
Dongpo District, Meishan	*(f)*	97,809	97,809	**66.41**	57.05
Chengmai District, Hainan	*(g)*	48,702	48,702	**99.53**	99.07
Ke'erqin District, Tongliao	*(h)*	31,113	31,113	**70.61**	51.34
Taicang, Jiangsu	*(i)*	142,010	142,010	**53.45**	–*
Jiaozhou, Qingdao	*(j)*	145,170	–	**–***	–*
		1,465,586	1,004,574		

Δ *A joint venture of the Group*

\# *These projects have been classified as held for sale as the Group intends to dispose of them. For details, please refer to the announcements of the Company dated 4 September 2019, 10 September 2019 and 29 October 2019.*

* *Projects under construction*

(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 facilities in northern China upon completion. The whole project will be completed in five phases as follows:

	Date of Land Acquisition	Commencement date of the Construction	Completion date of the Construction	Saleable area *(sq. m.)*	Occupancy rate	Remark
Phase I	Nov 2015	Sep 2016	Sept 2018	147,849	97.89%	
Phase II						
Lot 1	Nov 2015	Feb 2017	Nov 2018	84,535	100.00%	
Lot 2	Nov 2015	Apr 2018	Jun 2020	50,085	100.00%	Delivered to customers for use in July 2020
Lot 3	Nov 2015	Apr 2018	Jun 2020	24,696	97.50%	Delivered to the partner in Nov 2020 pursuant to the cooperation contract
Phase III	Dec 2018	Mar 2019	Q4 of 2021	125,936	–	Roof-sealing work has been completed. Secondary underground structure has been completed. 95% of the secondary surface structure has been completed
Phase IV	–	–	–	74,835	–	Preliminary application process is being expedited
Phase V	–	–	–	115,072	–	Preliminary application process is being expedited
				623,008	98.85%	

(b) The continuance of the novel coronavirus ("COVID-19") epidemic dealt a huge blow to international trade. In addition, the International Maritime Organisation has implemented the Low Sulphur Fuel Surcharge. Therefore, the international trade, shipping and logistics industries, in which the tenants of the Shanghai subsidiary operate, have been materially and adversely affected. Furthermore, the continuous expansion of free-trade zones with more diversified functions across the country as well as establishment of the Lingang New Area of the Shanghai Free-Trade Zone have brought great challenges to the marketing efforts of the Shanghai subsidiary. Nevertheless, the Shanghai warehouse has secured the renewal of leases with its customers by actively retaining existing customers, providing solutions to customers by fully utilising its own resources and strengthening its strategic cooperation with local park management so as to retain and stabilise business with sincerity. Through tireless efforts, a substantial amount of leases have been renewed while average occupancy rate reached 53.37% in the first half of 2021.

(c) The Tianjin (Tianjin Airport Zone) warehouse is still the sole warehouse supervised by Customs within the Tianjin Binhai International Airport area. Within the warehouse, the overall average occupancy rate of Phases I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") and Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics") together for the first half of 2021 was 92.69%.

(d) The Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. This project has a total land area of 30,003 sq. m. and a total gross floor area of 16,083 sq. m. The project is currently fully leased to Kerry EAS Logistics Limited Tianjin Branch. The contract was renewed in 2020. With constantly full occupancy, revenue remained stable.

(e) The Group operates five warehouses and two auxiliary buildings in Xiamen, 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 in 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 2021.

(f) The Group operates four warehouses in Dongpo District, Meishan, Sichuan Province with a total leaseable area of approximately 97,809 sq. m. In June 2020, the lease of a major tenant expired and was not renewed. Add to that the impact of the COVID-19 epidemic and the fierce competition from surrounding markets, and the occupancy rate of the Meishan project plunged. However, with the team's ceaseless effort, the occupancy rate recorded a significant increase since the end of 2020 and reached 70.76% as at the end of June 2021, while the average occupancy rate was 66.41% for the first half of 2021.

(g) The Group operates two warehouses in Chengmai County, Haikou, Hainan Province with a total leaseable area of 48,702 sq. m. The average occupancy rate was 99.53% for the first half of 2021 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 leased out as a logistics warehousing facility before commercial development. The project is strategically situated at a convenient location in the downtown area of Tongliao close to the high speed rail station, with well-developed commercial facilities in its proximity.

(i) The Sin-Den project in Taicang, Jiangsu, consists of 2-storeyed high-end modern general warehouses with a floor area of approximately 150,524 sq. m. and a leaseable area of approximately 142,010 sq. m. The construction work on the land was completed in November 2020. The occupancy rate as at the end of June 2021 was 55%. As the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. With its prime location, it is believed that this project will be quickly leased out.

(j) In March 2019, the Group acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, on 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 multi-storied cold storage is planned to be constructed in conformity with international standards. The total gross floor area and total leaseable area are approximately 155,400 sq. m. and 145,170 sq. m., respectively, with a total investment of approximately RMB650 million. The project has commenced construction in October 2019 and is expected to be completed in mid-2022.

2) Cold Chain Development

Another development focus of the Group is to establish cold chain logistics facilities across the nation, and, on such basis, further expand its cold chain business to connect both upstream and downstream through the self-developed online trading platform. The cold chain business developed by the Group mainly provides integrated services for the trading of 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 relatively 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 China to save costs and increase revenue for its customers by making full use of information technologies while eliminating financing risk of financial institutions by realising full control over inventories, information and funds along the whole chain.

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

Location of warehouses	*Notes*	**Planned and owned storage capacity** *(ton)*	**Operating leaseable storage capacity** *(ton)*	**Average occupancy rate for the six months ended 30 June** **2021** *(%)*	2020 *(%)*
Hangu District, Tianjin	*(a)*	75,000	45,000	**44.89**	83.52
Chengyang District, Qingdao	*(b)*	8,000	8,000	**36.33**	53.83
Tianjin Port Area of Tianjin Free-Trade Zone^Δ	*(c)*	45,000	–	**–***	–*
		128,000	53,000		

Δ *A joint venture of the Group*

* *Project under construction*

(a) The 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 freezer and cold storage warehouses 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 2023. 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. Due to the repeated closure of the storage area as a result of COVID-19 prevention measures, the storage capacity of the cold storage decreased while COVID-19 epidemic control costs surged. As of June 2021, the combined average occupancy rate of the freezer and cold storage warehouses was 44.89 %. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

(b) The Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in Chengyang District, Qingdao, China. The site area and storage capacity of Phase I are approximately 15,352 sq. m. and 8,000 tons, respectively. In 2021, the impact of the continuous COVID-19 epidemic resulted in the postponement of the storage of goods by customers, the loss of certain accounts and the decrease in cold storage occupancy rate. As of June 2021, average warehouse occupancy was 36.33%. As such, Qingdao Jingchangshun Food Co., Ltd. adjusted its plan in a timely manner to attract more customers. It is currently actively negotiating a cooperation proposal with Yurun Group.

(c) Tianjin Beijing Inland Port Co., Ltd. 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 a total investment of approximately RMB680,000,000. This project officially commenced construction in May 2020. The construction standard is three cold storage warehouses each occupying an area of approximately 10,000 sq. m. with a capacity of 15,000 tons. As of June 2021, about 70% of the overall construction of this project has been completed. In particular, foundational, piling and ground hardening works as well as 5,000 sq. m. of road have been completed. Notwithstanding the immense pressure posed by the COVID-19 epidemic and the surge in raw material prices, the construction of the project is being carried out at full speed with the aim of completing and putting the project into operation ahead of schedule.

In terms of overall development of the cold chain trading business, version 1.0 (for commercial use), version H5 and App version of the online services and trading platform – Coldeal（凍品e港）(formerly known as Frozen Products Exchange（凍品交易港）) (www.cciinet.com) were gradually optimized and launched with successful integration of online registration, trading and payment. The implementation of the online platform safety management plan, full product life cycle management and full media channel operation management are also completed. An evaluation of information security level protection is being conducted with the aim of upgrading the level of the security system to level 3 of security protection 2.0. As at 30 June 2021, the total number of registered users of Coldeal reached 8,342, while 234 enterprises opened stores on it. It entered into intentions of cooperation with Feimaoyunche Logistics（飛貓雲車物流）, Shanghai Guangqi Cold Chain（上海廣齊冷鏈）and 冷網科技, respectively, on regional cold chain delivery services; and an intention of cooperation with Focus Media on frozen product merchant advertising. It also proactively expanded the ambassadorial channels and built up amicable relationships with meat, agriculture, husbandry and other industry organisations. Meanwhile, we have commenced in-depth strategic cooperation with enterprises in all segments along the cold chain industry 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 in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is basically completed. Current third-party cold chain logistics service partners include the cold chain branches 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 support 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.

On 28 August 2021, Coldeal grandly held the 2nd 828 Frozen Product Exchange Festival（第二屆828凍品交易節）featuring completely online demonstration and interaction activities using Internet technologies mainly based on the Coldeal app. 80 overseas suppliers, 20 representatives from different chambers of commerce, embassies and consulates general as well as 800 domestic buyers conducted online discussion about the integration, coordination and development of the industry. The consulates general in China, meat and seafood associations and other organisations from several countries supported this event, which will effectively strengthen and promote Coldeal and enhance its reputation in the industry by demonstrating its online and offline business strengths so as to lay down the foundation for further business growth.

The Group will put the best effort in developing and promoting the cold chain business with a focus on the development of its online trading platform and the support of a full industry chain of processing and distribution centres in northern, eastern, southern and central China.

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 U.S. 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 Jiangsu province, and Jiaxing in 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 2021 (%)	2020 (%)
Taicang, Jiangsu	*(a)*	66,015	66,015	**100**	100
Suzhou, Jiangsu	*(b)*	61,449	61,449	**100**	68.44
Jiaxing, Zhejiang	*(c)*	90,113	90,113	**39.71**	15.25
Changshu, Jiangsu	*(d)*	169,687	169,687	**94.92**	41.83
Changzhou, Jiangsu	*(e)*	478,935	–	**–***	–*
		866,199	387,264		

* *Projects under construction*

(a) This project was completed in July 2017 and its real estate ownership certificate was obtained in December 2017. It 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 this project was obtained in May 2017. Construction commenced in December 2018 and completed in April 2020. The occupancy rate has been 100% since December 2020. The project is at a prime location with great accessibility and enjoys comprehensive local government funds supporting industrial development.

(c) The land use right certificate for this project was obtained in April 2017. The project has a gross floor area of 94,455 sq. m. and was completed in May 2019. It is currently actively attracting business with an average occupancy rate of 40% for the first half of 2021. The project is in a location adjacent to Shanghai and has great accessibility. The local government provides strong support to the manufacturing industry with comprehensive industry support funds and policies in place. The concentration of European and U.S. high-end manufacturing enterprises has generated economies of scale. Standardised, high-end and customised plants have been constructed.

(d) The land use right certificate for this project was obtained in June 2016. The project has a gross floor area of 172,693 sq. m. and was completed in May 2019. The occupancy rate as at the end of June 2021 was 100%. The project is at a prime location with well-planned facilities in the surrounding area. It has good accessibility, is in proximity to the expressway network and enjoys abundant 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, Jiangsu Province in January 2018. This project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 478,935 sq. m. With a total investment of approximately RMB2 billion, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed around March 2022, and the construction of Phase II commenced in the third quarter of 2020 and is expected to be completed in March 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 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 ("Jiangsu Sunan Zhicheng") into an industrial park that combines industry, city, the Internet and smart technologies. Jiangsu Sunan Zhicheng has already signed up with Changzhou Videoworks Technology Co., Ltd. (常州網博視界科技股份有限公司)("Changzhou Videoworks"), a high-tech enterprise in the Internet+ industry, to jointly develop the "future video production base of China". This project is put on the list of key projects in Jiangsu Province in early 2020. Jiangsu Sunan Zhicheng was also granted the Major Investment Project Award by Tianning District, Changzhou.

As we have accumulated a certain amount of experience in industrial property investment, development and management, the Group is planning a transformation of its industry property segment from solely focusing on asset investment and disposal to incorporating sustainable elements. The industrial property team of the Group has created management brands for the industrial property segment, and will, from now on, negotiate with more business partners, particularly local governments within the Yangtze River Delta, to provide management services in relation to project investment, design, construction, marketing and disposal, so that both its business and income can achieve diversified growth. Meanwhile, once an existing project is mature, the Group will adopt an approach which is in line with that for its logistics assets, for which it will seek opportunity to sell the project at a reasonable price and to realise its strategic goals of debt reduction, reinvestment and fund allocation.

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 14,667,829 sq. m. of the land has been obtained. We are proactively introducing strategic partners and 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 overall design of 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 returns on land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

Currently, in terms of project planning, the Group has completed a detailed and controlled planning of the land under Phase I of the project. With the concept of "commercial parks + urban complex", it plans to have its commercial parks dominated by light industries, supported by commercial circulation, and featuring technological research and development, education, and cultural tourism. Moreover, modern concepts such as "flexible use of land", "sponge city" and "neighbourhood centres" will be introduced in the planning of the urban complex. Primary land construction of the project has not yet commenced due to the COVID-19 epidemic and other force majeure.

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 execution of the RCEP agreement and the China-Cambodia Free Trade Agreement at the end of 2020 brightens up the development and construction of the Sino-Cambodian project. The Group will tightly grasp this historical opportunity to provide funding for the further development of the Sino-Cambodian project by setting up funds jointly with quality partners while refining the project with new ideas.

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, overall project planning has been completed. The whole project will be developed in phases, and continuously financed by profits from land transfers and borrowings from financial institutions, and it is not expected to bring too much financial pressure to the Group. However, as a result of the COVID-19 epidemic, traffic between China and Cambodia lessened, and the planned schedule for project approval was disrupted, which caused a certain delay to the development of the project. At present, the Group is making its best efforts to overcome such difficulties and actively seeking quality partners such that its development plan can commence as soon as possible.

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 wholesale 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 June 2021, the market had a leaseable area of 163,003 sq. m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone. For the first half of 2021, the average occupancy rates of the wholesale trading zone, the storage service zone, the comprehensive market trading zone and the public ancillary market facility zone were 75.49%, 64.2%, 41.31% and 15.84% respectively.

6) Commercial Properties

(a) Guangzhou Guangming Real Estates Co., Ltd. ("Guangzhou Guangming") owns a 99% interest in Metro Mall, which is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. The mall has a gross floor area of approximately 61,967 sq.m., and is a commercial complex providing dining, entertainment, shopping and cultural experience to young customers aged between 16 and 28. The average occupancy rate of the owned area was approximately 89.26% for the first half of 2021.

(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 travelers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry-specific reasons, despite being a long time leader in terms of occupancy rates 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 on 12 November 2019 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 its operations. The hotel has ceased operation and commenced renovations in the first quarter of 2020. Based on the entrustment contract, the Group will see a significant increase in net profits after the renovation is completed, which is expected in the fourth quarter of 2021.

BUSINESS PROSPECTS

While maintaining a steady recovery, China's economy faces certain risks and challenges in 2021. For examples, the COVID-19 epidemic is still spreading across the world; the global economic conditions go on to be tough and complicated with a great deal of uncertainty; the economic recovery in China remains unstable; domestic consumption continues to be suppressed; and the growth in investment lacks momentum. Nevertheless, the positive outlook of China's economy remains fundamentally unchanged. The government has implemented a series of business-friendly and easing policies while lowering tax rates and levies with the aims of revitalising the market and fostering steady economic growth. As logistics property operators continue to enlarge their networks of modern logistics properties and invest in the logistics property market using funds, REITs and other financial instruments, the industry has turned into a battleground among "one superpower and several major players". Furthermore, thanks to the development and application of the Internet-of-things and big data technologies, logistics properties will continue to proliferate for a certain period of time in the future to fill up the gap between the overall supply of and demand for storage facilities and increase the share of mid– and high-standard warehouses.

In respect of the domestic logistics segment, the Beijing Tongzhou Port project is the major focus of Beijing Municipality. Beijing Tongzhou Logistics Park, where this project is situated, is also one of the three major logistics parks specified by the Beijing Municipality Logistics Development Plan. Upon completion, the project will combine sea, air and land freight transportation options to cover regional, domestic and international logistics nodes, further internationalise the sub-city centre, optimise and upgrade the capital's industries, and facilitate the Coordinated Development of the Beijing-Tianjin-Hebei Region.

To push ahead with its asset-light strategy, the Group established a logistics asset operation and management centre to enhance the occupancy rates and operational efficiency of its mature logistics assets. The seven projects in operation are scattered across Tianjin, Shanghai, Xiamen in Fujian Province, Haikou in Hainan Province and Meishan in Sichuan Province. Their operations remain stable with steady increase in occupancy rates, thus generating stable revenue for the Company on an ongoing basis. In the future, stable and quality projects will be disposed of and realised through asset securitisation, disposal and other methods in order to complete the Group's business model that comprises the "financing, investment, management and exit" stages.

With the constant upgrading of China's consumption structure, the rapid raise of the fresh food e-commerce industry and the numerous stimuli given by the Chinese government, the cold chain logistics industry of China entered a stage of rapid growth. With quality cold chain projects in Qingdao and Tianjin as the foundation, the domestic cold chain segment seized business opportunities to build a core online asset consisting of an online comprehensive trading centre for frozen products, and a core offline asset consisting of physical cold chain storage service. The timely launch of CCII Frozen Product Industry Integration Service Platform based on "Coldeal" will satisfy the need of clients in the frozen product industry for online trading and financing, reduce trading costs, enhance trading efficiency and provide solutions for large-scale industrial and technological development. The development of this platform will without doubt nurture a productive ecosystem for both upstream and downstream frozen product industry, reform the structure of the industry and create synergies among the resources of producers, traders and service providers.

The industrial property sector of China is where the Group will cultivate new drivers of profit growth, build diversified business models and start engaging in the investment in industrial properties. Starting from the Yangtze River Delta Economic Zone, which is a hub for modern service and advanced manufacturing industries with global importance and one of the first locations to undergo the new round of China's reform and opening up, the Group proactively formulates its plan to make the area surrounding Shanghai its focus. It will develop and construct high-end industrial factories, logistics warehouses and smart manufacturing industrial parks in places such as Taicang, Changshu, Wuzhong, Jiaxing and Changzhou in order to attract well-established manufacturers, research and development enterprises with advanced technologies and third-party logistics companies to the area, and to provide standardised services of the highest quality. At the moment, the industrial property platform is establishing a network with seven parks in operation and under construction in the Yangtze River Delta pivoting around Suzhou. At the same time, the industrial property platform will also transform and upgrade its development model towards an asset-light operating model. Mutual understanding has been reached with the governments at various levels and state-owned asset platforms in Suzhou that future co-operation projects will mainly be financed by government funding and private capitals and managed under the Group's brands so as to quickly expand the scale of these parks and enhance the Group's brand image. Due to the fact that high-end manufacturing industries experienced rapid development as a result of China's favourable policies, and that the government strongly supports the construction of industrial parks by providing tax exemptions and allowances as well as subsidies to facilitate the investment, development and operation of such parks, developers can now obtain land at a low cost. Thus, to a certain degree, they are assured of receiving subsequent income and gains from their projects.

The sale of assets at the disposal stage of a project is currently the only means for the Group, as a diversified property developer, to crystalise asset appreciation gains. It is also the basic business model of property developers in general. At present, most of the Group's projects have been completed and put into operation with significant rise in values. In view of the development trends in the domestic real estate industry and its future development plans, the Group plans to sell some of its relatively mature assets that are ready for sale by way of equity transfers in order to complete the disposal and realisation stage in the cycle of "financing, investment, management and exit", recover cash, generate profits and reduce debts. Despite a lengthier period of development for the first cycle, the Group has acquired a number of quality projects in the past and is gradually realising their values. Therefore, it is expected that the Group's development cycle will quicken gradually and achieve sustainable profitability in the coming years. The Group will also participate more in the logistics property, industrial property, cold chain and primary land development sectors with the aim of bringing strong returns to its shareholders.

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of value-added tax and government surcharges) for the 2021 Period amounted to approximately HK$301.27 million, representing a decrease of approximately HK$73.99 million or 19.72%, from approximately HK$375.26 million for the 2020 Period. The gross profit for 2021 Period amounted to approximately HK$213.48 million, representing an increase of approximately HK$75.37 million, or 54.57% from approximately HK$138.11 million for the 2020 Period.

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

Name of assets	**2021** Revenue	**2021** GP Margin	2020 Revenue	2020 GP Margin	Change Revenue	Change GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
High-end and Modern General Warehouses Business						
Shanghai	**30,634**		32,555		(1,921)	
Tianjin	**17,241**		15,509		1,732	
Xiamen	**15,119**		14,705		414	
Meishan	**5,772**		4,462		1,310	
Hainan	**9,401**		9,170		231	
Jiangsu	**21,037**		–		21,037	
Tongliao	**1,217**		1,050		167	
	100,421	**91.21**	77,451	92.13	22,970	(0.92)
Cold chain logistics warehouses						
Tianjin	**29,444**		25,445		3,999	
Qingdao	**990**		1,534		(544)	
	30,434	**34.72**	26,979	69.86	3,455	(35.14)
Trading						
Hong Kong	**2,106**		26,129		(24,023)	
Beijing	**48,682**		192,710		(144,028)	
	50,788	**1.63**	218,839	0.84	(168,051)	0.79
Specialised wholesale markets						
Quzhou Tongcheng	**15,908**	**72.20**	11,803	72.24	4,105	(0.04)

Name of assets	**2021** Revenue	**2021** GP Margin	2020 Revenue	2020 GP Margin	Change Revenue	Change GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Industrial properties						
Taicang City, Jiangsu	**14,242**		11,052		3,190	
Suzhou City, Jiangsu	**13,575**		985		12,590	
Jiaxing City, Zhejiang	**4,793**		2,420		2,373	
Changshu City, Jiangsu	**30,261**		10,431		19,830	
	62,871	**94.92**	24,888	93.45	37,983	1.47
Commercial properties						
Guangzhou	**16,686**		15,302		1,384	
Beijing	**24,166**		–		24,166	
	40,852	**96.25**	15,302	93.37	25,550	2.88
The Group	**301,274**	**70.86**	375,262	36.80	(73,988)	34.06

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the 2021 Period amounted to approximately HK$100.42 million, representing an increase of approximately HK$22.97 million or 29.66% from approximately HK$77.45 million for the 2020 Period. The increase was primarily attributable to the completion of Sin-Den project in Jiangsu in the second half of 2020. The gross profit margin maintain at approximately 91.21% for the 2021 Period.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the 2021 Period amounted to approximately HK$30.43 million, representing an increase of approximately HK$3.45 million or 12.79% from approximately HK$26.98 million for the 2020 Period. The increase was primarily attributable to the increase in value-added service income. The gross profit margin decreased from 69.86% for the 2020 Period to 34.72% for the 2021 Period due to the costs associated with the prevention of COVID-19.

Trading business

The revenue contribution of trading business for the 2021 Period amounted to approximately HK$50.79 million, representing a decrease of approximately HK$168.05 million, or 76.79% from approximately HK$218.84 million for the 2020 Period. The decrease was primarily attributable to the impact caused by COVID-19 and looking for the changes of business model.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the 2021 Period amounted to approximately HK$15.91 million, representing an increase of approximately HK$4.11 million, or 34.83%, from approximately HK$11.80 million for the 2020 Period.

Industrial properties

The revenue contribution of industrial properties for the 2021 Period amounted to approximately HK$62.87 million, representing an increase of approximately HK$37.98 million or 152.59% from approximately HK$24.89 million for the 2020 Period. The increase was primarily attributable to the increase in occupancy rate of projects in Suzhou City, Jiaxing City and Changshu City.

Commercial properties

The revenue contribution of commercial properties for the 2021 Period amounted to approximately HK$40.85 million, representing an increase of approximately HK$25.55 million or 166.99% from approximately HK$15.30 million for the 2020 Period. The increase was primarily attributable to the revenue from Beijing project based on the entrusted contract. The gross profit margin increased from approximately 93.37% for the 2020 Period to approximately 96.25% for the 2021 Period.

Changes in fair value of investment properties, net

During the 2021 Period, net fair value gain of investment properties was approximately HK$32.12 million, the gain was mainly attributable to the fair value increment of properties located in Jiangsu and Zhejiang.

Other income and gains, net

During the 2021 Period, net other income and gains were approximately HK$21.22 million, which represented an increase of approximately HK$2.36 million, or 12.51%, from approximately HK$18.86 million for the 2020 Period. The increase in net other income and gains was primarily related to the increase in foreign exchange differences.

Selling and distribution expenses

During the 2021 Period, selling and distribution expenses were approximately HK$1.19 million, which represented an increase of approximately HK$0.48 million, or 67.61%, from approximately HK$0.71 million for the 2020 Period.

Administrative expenses

During the 2021 Period, administrative expenses were approximately HK$95.53 million, which represented a decrease of approximately HK$5.08 million, or 5.05%, from approximately HK$100.61 million for the 2020 Period. The decrease in administrative expenses was primarily related to cost control in the 2021 Period.

Other expenses

During the 2021 Period, other expenses were approximately HK$1.88 million, which represented a decrease of approximately HK$4.33 million, or 69.73%, from approximately HK$6.21 million for the 2020 Period.

Finance costs

During the 2021 Period, finance costs were approximately HK$291.24 million, representing a decrease of approximately HK$21.47 million, or 6.87%, from approximately HK$312.71 million for the 2020 Period. The finance costs included: (i) interest on bank and other loans of approximately HK$107.12 million (2020 Period: approximately HK$98.83 million); and (ii) interest on USD guaranteed bonds of approximately HK$184.12 million (2020 Period: approximately HK$213.88 million). The decrease in finance cost was primarily related to the decrease in interest on USD guaranteed bonds of HK$29.76 million as only USD750,000,000 5.95% guaranteed bonds were existed in the 2021 Period.

Share of profits of joint ventures

During the 2021 Period, the share of profits of joint ventures of approximately HK$85.56 million was mainly contributed by BIPL. The increase in sharing profits of joint ventures for 2021 compared to 2020 was primarily related to the increase in fair value increment in investment properties of BIPL.

Share of losses of associates

During the 2021 Period, the share of losses of associates of approximately HK$5.03 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 Beijing Enterprises City Investment Holdings Group Co., Ltd. ("BE City Investment").

Income tax expense

Income tax expense for the 2021 Period included current income tax of HK$5.49 million (2020 Period: HK$8.39 million). Deferred tax expense for the 2021 Period was HK$31.25 million (2020 Period: HK$76.30 million) which arose from the change in the fair value of investment properties.

Investment properties

Investment properties increased by approximately HK$146.88 million, which was mainly due to (i) the construction of warehouse of HK$24.56 million; (ii) the increase in fair value of HK$32.12 million; and (iii) the exchange realignment of HK$91.94 million.

Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business. There was no movement during the 2021 Period.

Interests in joint ventures

Interests in joint ventures increased by approximately HK$115.36 million, which was mainly due to the net effect of (i) share of profits of HK$85.56 million during 2021 Period; and (ii) share of translation reserve of HK$25.81 million during the 2021 Period.

Interests in associates

Interests in associates decreased by approximately HK$6.31 million, mainly due to the share of losses of HK$5.03 million during 2021 Period.

Equity investment at fair value through other comprehensive income

Equity investment decreased by approximately HK$5.37 million, which was due to the drop in closing market price as at 30 June 2021 of CAQ Holdings Limited comparing to the last year.

Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia for the primary land development business.

Properties under development

Properties under development represented properties located in Jiangsu for the industrial property business which was transferred from land held for development or sale. The increase in balance was mainly due to construction progress during the 2021 Period.

Cash and cash equivalents (including restricted cash)

Cash and cash equivalents decreased by HK$326.17 million, mainly due to the net effect of (i) repayment of loans from BIPL of HK$17.99 million; (ii) net bank loans of HK$160.85 million drawn; (iii) interest paid of HK$291.24 million; (iv) addition of investment properties of HK$24.56 million; and (v) settlement for the construction cost of land held for development or sale of HK$207.68 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 announcement, 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 2021. For more details, please refer to the Company's announcements dated 4 September 2019, 10 September 2019 and 29 October 2019.

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$160.85 million (non-current portion decreased by HK$69.90 million and current portion increased by HK$230.75 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 additionally issued in August 2020 which has a par value of USD150 million.

Liquidity and financial resources

As at 30 June 2021, for accounting purposes, the Group had total borrowings of approximately HK$10,554.28 million (31 December 2020: approximately HK$10,381.91 million) which included: (i) approximately HK$4,748.72 million from bank and other borrowings; and (ii) approximately HK$5,805.56 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 177.23% (31 December 2020: approximately 169.52%).

As at 30 June 2021, the Group's balance of bank and other borrowings amounted to approximately HK$4,748.72 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 21.01%, 14.19% and 64.80%, respectively. 44.60% of these bank and other borrowings was repayable less than one year. As at 30 June 2021, the Group's cash and bank balances amounted to approximately HK$440.49 million, which were denominated in USD, HK$ and RMB as to 25.98%, 2.58% and 71.44%, respectively. Bank and other borrowings of an aggregate amount of HK$3,786.95 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. 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 2021, the Group's current ratio and quick ratio were approximately 121.76% and 87.69%, respectively (31 December 2020: approximately 103.86% and 101.22%, respectively).

The net total borrowings of the Group as at 30 June 2021 (total borrowings less cash and cash equivalents and restricted cash) was HK$10,113.79 million (31 December 2020: HK$9,615.26 million), representing an increase of HK$498.53 million as compared to the previous year.

Contingent liabilities

As at 30 June 2021, the Group had no contingent liabilities (31 December 2020: Nil).

Capital expenditures

During the 2021 Period, the Group spent approximately HK$26.66 million (2020 Period: approximately HK$199.62 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 30 June 2021, the Group had outstanding contracted capital commitments amounted to approximately HK$721.98 million in aggregate which comprised commitments for:

– the outstanding construction costs of approximately RMB492.30 million (equivalent to approximately HK$591.85 million) committed for logistic facilities and industrial plants.

– the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$126.23 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 2021 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 2021, the Group had bank loans with principal amounts of approximately HK$2,837.61 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 2021, the Group had no pending litigation.

INTERIM DIVIDEND

The Board has resolved not to recommended the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 515 (six months ended 30 June 2020: 526) employees. Total staff cost incurred during the 2021 Period amounted to approximately HK$48.21 million (six months ended 30 June 2020: HK$45.44 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or reedemed any of the Company's listed shares during the six months ended 30 June 2021.

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 announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

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 2021, 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 2021, 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 2021 (the "2021 AGM") due to his 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 2021 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 2021.

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 2021 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 2021, 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.bphl.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2021 interim report of the Company will be dispatched to the shareholders of the Company in September 2021 and available on the above websites in due course.

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
Cheng Ching Fu
Company Secretary

Hong Kong, 31 August 2021

As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Li Changfeng, Mr. Cheng Ching Fu, Mr. Yu Luning and Mr. Ng Kin Nam are the executive Directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming are the independent non-executive Directors.