



北京建設 BPHL

BEIJING PROPERTIES(HOLDINGS)LTD

(incorporated in Bermuda with limited liability)
Stock Code: 925

2016 Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHOU Si (*Chairman*)
Mr. YU Li (*Vice Chairman*)
Mr. QIAN Xu (*Chief Executive Officer*)
Mr. SIU Kin Wai (*Chief Financial Officer*)
Mr. XU Taiyan
Mr. JIANG Xinhao
Ms. MENG Fang
Mr. YU Luning
Mr. LIU Xueheng
Mr. ANG Renyi (appointed on 19 December 2012)

Independent Non-Executive Directors

Mr. GOH Gen Cheung
Mr. MA Chiu Cheung, Andrew
Mr. NG Tang Fai, Ernesto
Mr. ZHU Wuxiang
Mr. James CHAN

AUDIT COMMITTEE

Mr. MA Chiu Cheung, Andrew (*Chairman*)
Mr. GOH Gen Cheung
Mr. NG Tang Fai, Ernesto
Mr. ZHU Wuxiang
Mr. James CHAN

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. LIU Xueheng (*Chairman*, appointed on 30 August 2013)
Mr. QIAN Xu
Mr. JIANG Xinhao
Ms. MENG Fang
Mr. SIU Kin Wai
Mr. YU Luning
Mr. ZHU Wuxiang
Mr. ANG Renyi (appointed on 30 August 2013)

NOMINATION COMMITTEE

Mr. NG Tang Fai, Ernesto (*Chairman*)
Mr. GOH Gen Cheung
Mr. MA Chiu Cheung, Andrew
Mr. QIAN Xu
Ms. MENG Fang
Mr. YU Luning
Mr. James CHAN

REMUNERATION COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)
Mr. MA Chiu Cheung, Andrew
Mr. NG Tang Fai, Ernesto
Mr. YU Luning
Mr. James CHAN

COMPANY SECRETARY

Mr. SIU Kin Wai

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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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street, Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

AUDITORS

Ernst & Young

WEBSITE

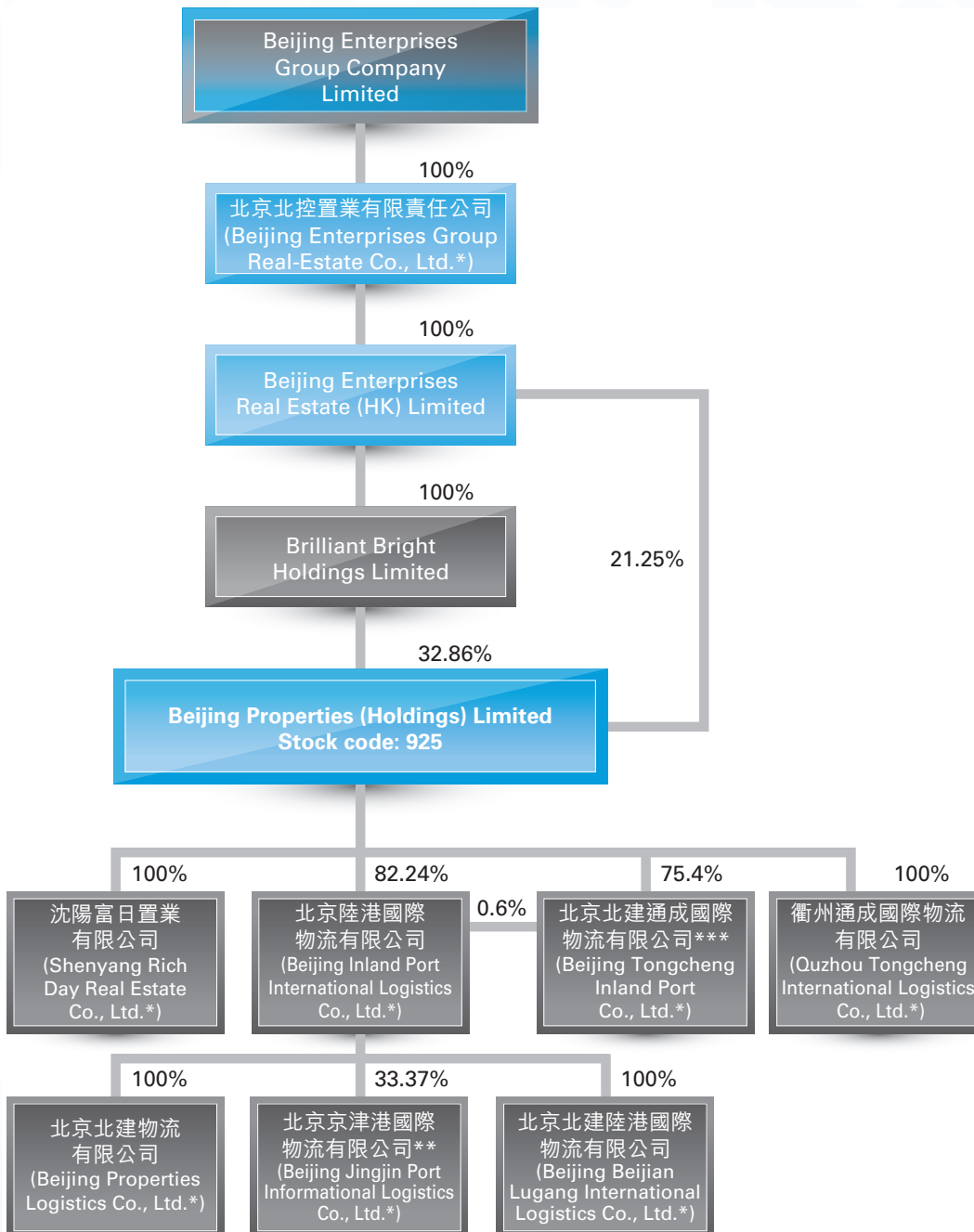
www.bphl.com.hk

PRINCIPAL BANKERS

China CITIC Bank International Limited
Shanghai Pudong Development Bank Co. Ltd.
Beijing Chaoyang Sub-branch
Bank of Beijing Co., Ltd.
Agricultural Bank of China Limited
China Construction Bank Corporation
Hua Xia Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

GROUP STRUCTURE

As at 30 June 2013



* for identification purpose only

** Associate Company

*** Joint Venture Company

MANAGEMENT DISCUSSION AND ANALYSIS

1. REVIEW OF SIGNIFICANT EVENTS OF 2013

- 1) On 16 January 2013, the Group made a successful bid for the land use rights of a parcel of land through open tender auction organized and held by the Quzhou City Public Resources Exchange Center (衢州市公共資源交易中心, "QPREC"). The land is located at Section No. 2012-3 Jiang Jia Shan, Kecheng District, Quzhou City, Zhejiang Province, PRC. According to the preliminary plan, the land will be used for the development and construction of warehouse of approximately 58,000 square metres for rental purpose.
- 2) On 18 February 2013, the Group completed the acquisition of 24% equity interests in Beijing Inland Port Co., Ltd. (北京北建通成國際物流有限公司, "BIPL") from Hutchison Port Beijing Limited. The equity interests in BIPL held by the Group was further increased from 52% to 76%. BIPL is the investor, developer and operator of the Majuqiao Logistics Base, which is a logistics area providing a rentable areas of approximately 668,800 square metres.
- 3) On 6 March 2013, the Group entered into a framework agreement to acquire: (i) the entire equity interest in Hong Kong High Broad International Investment Group Limited (the "High Broad"), which holds 33.93% equity interest in Tianjin Transwell International Logistics Co., Ltd. (天津萬士隆國際物流有限公司, "WSL Logistics"); (ii) the 36.07% equity interest in WSL Logistics; and (iii) the 70% equity interest and 70% shareholder's loan in Hong Kong High Church Group Limited (the "High Church"), which holds 100% equity interest in Transwealth Logistics (Tianjin) Co., Ltd (天域萬隆物流有限公司, "TYWL"). The warehouse and lands of WSL logistics and TYWL are situated in the Tianjin Binhai International Airport ("Tianjin Airport"). On 1 August 2013, the Group completed the acquisitions of part (i) and (ii), and the acquisition of part (iii) is still in progress up to the date of this report. WSL Logistics is the owner of the unique bonded warehouse of the customs ("Customs Warehouse") of the Tiainjin Airport, which has a rentable area of approximately 24,986 square metres. TYWL has committed to acquire 天域萬隆倉庫 which is situated besides the Customs Warehouse. This warehouse has a rentable area of approximately 11,766 square metres, however, it is not yet in operation but the majority of its construction has been completed. The Group is also intending to construct a new warehouse on the same parcel of land held by TYWL with rentable area of approximately 24,000 square metres if the occupancy rate of the 天域萬隆倉庫 is satisfactory.
- 4) On 20 June 2013, the Group entered into an agreement to acquire the entire equity interest in Peace Base Holdings Limited, which holds 40% equity interest in Haikou Peace Base Industry Development Co., Ltd. (海口安基實業發展有限公司, "Haikou Peace Base"). Haikou Peace Base had acquired the land use right of a parcel of land located in the Haikou Integrated Free Trade Zone and it will be used for the development and construction of, for rental purpose, a complex of exhibition centre, bonded warehouse and plant with an aggregate rentable areas of approximately 75,000 square metres. The acquisition is still in progress up to the date of this report.
- 5) On 8 August 2013, the Group entered into an agreement to acquire the entire equity interest in Phoenix Real Estate Fund Wai Gao Qiao Holdings Limited (the "Phoenix HK") which holds entire equity interest in Shanghai Fanyihe Warehousing Co., Ltd. (上海凡宜和倉儲有限公司, "Shanghai Fanyihe"). The blocked customs warehouse has a rentable area of approximately 211,918.22 square metres currently is held by Shanghai Fanyihe and is situated in the Shanghai Free Trade Zone. The acquisition is still in progress up to the date of this report.

Further details of the above acquisitions can be found on the websites of the Company and The Stock Exchange of Hong Kong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

Business prospect

Upon the completion of our existing projects abovementioned, the Group will have rentable area of approximately 1,074,000 square metres, which means approximately 27% of our five years' target will be achieved in the foreseeable future.

Building the nationwide network of logistics properties to enjoy the stable rental yield is one of our business goals. Our target is to own a total area of at least four million square meters of rentable areas of logistics properties in the coming five years. If this goal is successfully implemented, the Group will be ranked one of the top leaders in the logistic industry in the PRC and will bring a stable cash return to the Group. To realize such goal, the Group will accelerate investment, development and operation of logistics properties in respect of inland port, e-commerce, cold chain storage and other specialized areas by leveraging the policies implemented as well as economic development trends in the coming five years. Through tapping opportunities from development of logistics industry by stages, consolidating internal and external resources as well as cooperating with industry-leading companies and companies that monopolizing resources, we will formulate strategic layout for national key logistics hubs and regions with high demand for logistics services. In addition, we will endeavor to commence the development and construction of logistics warehouse and relevant ancillary facilities based on the model of "provision of customized large-scale storage facilities to customers", provided that customers acknowledge the lease by letter of intent or agreement. Meanwhile, we will further extend its logistics industry chain by cooperating with experienced partners in good faith to provide our customers high value-added services and establish a commercial model for long-term sustainable development, in a bid to enhance the Group's profitability and maximize the value of our shareholders' equity.

Looking ahead, through continuous and diversified investments and acquisition in logistics properties during the period, our preliminary network of logistics properties had been almost completed. The Group, however, will continuously focus on the new investments and acquisitions, in order to enhance our business portfolio and increase profitability. The Group will continue to reinforce resource integration, strengthen the internal management, enhance cooperation and operation capability, so as to improve the overall operation capability, maintain rapid growth momentum in the logistics business, and promote the steady development of the related logistics businesses.

At the meantime, we will also continuously seek for the opportunities of residential and commercial properties to enrich the profitability of the Group and this focus will never change.

In summary, 2013 is our sowing period, harvest of which can be enjoyed by our shareholders continuously in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

2. FINANCIAL REVIEW

As a result of the remeasurement of business combination in 2011 as further detailed in note 19 of this report, certain comparative amounts for the condensed consolidated financial statements have been restated and reclassified.

During the six months ended 30 June 2012 (the “2012 Period”), the Company disposed of New Radiant Investments Limited, the operating results of the gardening business has been presented as the discontinued operation in the condensed consolidated financial statements. The Company also disposed the Zenna Investments Limited (“Zenna”) in the 2012 Period, which indirectly held 60% equity interest of the residential property project in Beijing, therefore, no such results of the properties business in the six months ended 30 June 2013 (the “2013 Period”).

During the 2013 Period, we recorded a loss of approximately HK\$66,486,000, which represented an increase of approximately HK\$7,361,000, or 12.45%, from approximately HK\$59,125,000 from the 2012 Period. However, the results of the 2012 Period included profit from discontinued operation and gain on disposal of interest in subsidiaries of approximately, respectively, HK\$5,674,000 and HK\$35,272,000. If excluding these special profitable factors, the results of the 2013 Period recorded a decrease in loss of approximately HK\$33,585,000, or 33.56%, from approximately HK\$100,071,000 of the 2012 Period.

2.1 Revenue and gross profit analysis

The revenue from continuing operations (net of business tax) for the 2013 Period amounted to approximately HK\$4,451,000, representing a decrease of approximately HK\$2,330,000, or 34.36%, from approximately HK\$6,781,000 of the 2012 Period.

Out of which, approximately HK\$2,867,000 included in the revenue of the 2012 Period was attributable to revenue of the properties business and there is no such revenue recognized for the 2013 Period. For the logistics business and related services provided by Beijing Island Port International Logistics Co., Ltd. (the “Lugang”), the revenue amounted to approximately HK\$4,451,000 in the 2013 Period, representing an increase of approximately HK\$537,000, or 13.72%, from approximately HK\$3,914,000 of the 2012 Period. The increase was attributable to the improvement of rental price which charged to customers. The gross profit margin, however, decreased from approximately 80.58% of the 2012 Period to 62.08% of the 2013 Period. The decrease in gross profit margin was attributable to the increase in the direct costs.

2.2 Gain on disposal of subsidiaries

During the 2012 Period, the Company disposed of its entire interest in Zenna, a wholly-owned subsidiary of the Company, which indirectly held 60% equity interest in 北京京泰同成置業有限公司, to an independent third party for a cash consideration of RMB251,710,000 (equivalent to approximately HK\$310,136,000), which contributed a gain on disposal of interest in subsidiaries of approximately HK\$35,272,000. However, no such disposal gain was noted in the 2013 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

2.3 Other income and gains, net

Other income and gains from continuing operations was increased by approximately HK\$2,194,000, or 6.45%, from approximately HK\$34,014,000 of the 2012 Period to approximately HK\$36,208,000 of the 2013 Period, which is mainly due to the combined result of: (i) the decrease in bank interest income by approximately HK\$7,226,000, or 30.98%, from approximately HK\$23,326,000 of the 2012 Period to approximately HK\$16,100,000 of the 2013 Period, as a result of the disposal of subsidiaries causing the decrease in cash balances deposited in bank and the general decrease in interest rate of bank deposits; and (ii) a net foreign exchange gains of approximately HK\$9,675,000 existed due to the appreciation of Renminbi during the 2013 Period.

2.4 Selling expenses

Selling expenses from continuing operations was approximately HK\$849,000 of the 2012 Period. The selling expenses mainly represented the salaries and commission of salesmen of the Owners' City in the 2012 Period. No such expenses were noted during the 2013 Period due to the disposal of Zenna in the 2012 Period.

2.5 Administrative expenses

Included in the administrative expenses from continuing operations of the 2013 Period was approximately HK\$29,863,000 recognized for the equity-settled share option expenses for share options granted to employees and directors in the 2013 Period. The same expenses recognized in the 2012 Period amounted to approximately HK\$21,192,000.

If excluding this factor, the administrative expenses of the 2013 Period was increased by approximately HK\$2,837,000, or 10.33%, from approximately HK\$27,466,000 of the 2012 Period to approximately HK\$30,303,000 of the 2013 Period. The increase is mainly caused by: (i) the increase in staff costs; (ii) legal and professional fee due to more acquisitions have been taken recently; and (iii) travelling expense incurred in line with the business development.

2.6 Other expenses

Other expenses from continuing operations of the 2013 Period included an amount of approximately HK\$6,957,000, being the equity-settled share option expenses recognised for share options granted to consultants in the 2013 Period. Other expenses from continuing operations of the 2012 Period mainly included the same expenses amounted to approximately HK\$21,881,000.

Other than this, the other expenses of the 2012 Period also included an amount of approximately HK\$5,005,000 incurred for net foreign exchange loss.

MANAGEMENT DISCUSSION AND ANALYSIS

2.7 Finance costs

Finance costs from continuing operations was decreased by approximately HK\$32,522,000, or 63.00%, from approximately HK\$51,621,000 of the 2012 Period to approximately HK\$19,099,000 of the 2013 Period. The significant decrease was mainly due to the decreases in bank loans and other loans interest, imputed interest on convertible bonds and loss on early redemption of convertible bonds.

Bank loans and other loans interest was decreased by approximately HK\$3,085,000, or 57.03%, from approximately HK\$6,046,000 of the 2012 Period to approximately HK\$2,961,000 of 2013 Period, due primarily to the repayment of other loans by Lugang. Imputed interest on convertible bonds was decreased by approximately HK\$8,148,000, or 41.39%, from approximately HK\$19,687,000 of the 2012 Period to approximately HK\$11,539,000 of the 2013 Period and such decrease was mainly due to the partial conversion of the convertible bond by Beijing Enterprises Real Estate (HK) Limited on 25 January 2013. Loss on early redemption of convertible bonds was decreased by approximately HK\$21,289,000, or 82.24%, from approximately HK\$25,888,000 of the 2012 Period to approximately HK\$4,599,000 of the 2013 Period. The decrease was in line with the significant decrease in redemption of convertible bonds during the 2013 Period.

2.8 Share of losses of a joint venture

During the 2013 Period, the share of losses of BIPL amounted to approximately HK\$9,099,000, which represented an increase of approximately HK\$7,505,000, or 470.83%, from approximately HK\$1,594,000 of the 2012 Period. The increase was mainly due to: (i) the increase in administrative expenses incurred by BIPL following the progress of the development of the Majuqiao Logistics Base; and (ii) the increase in equity interest of BIPL from 52% to 76% held by the Group.

2.9 Share of losses of associates

During the 2013 Period, the share of losses of an associates by the Group amounted to approximately HK\$1,532,000, which was attributed to the operational loss in an associate.

2.10 Discontinued operation

It represented the results of the gardening business for the 2012 Period which had been discontinued during the 2012 Period. There is no discontinued operation for the 2013 Period.

2.11 Total Assets

The total assets of the Group as at 30 June 2013 were approximately HK\$3,054,021,000, representing a decrease of approximately HK\$38,248,000, or 1.24%, from approximately HK\$3,092,269,000 as at 31 December 2012. The decrease was mainly attributable to (i) the payment for the early redemption of convertible bonds; and (ii) the share of losses of a joint venture and associates.

2.12 Total liabilities

The total liabilities of the Group as at 30 June 2013 were approximately HK\$1,372,309,000, representing a decrease of approximately HK\$578,548,000, or 29.66%, from approximately HK\$1,950,857,000 as at 31 December 2012. The decrease was mainly attributable to the partial conversion of the convertible bonds by Beijing Enterprises Real Estate (HK) Limited on 25 January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

2.13 Liquidity and financial resources

As at 30 June 2013, the Group's cash and bank balances amounted to approximately HK\$1,591,837,000 (31 December 2012: approximately HK\$1,769,367,000), which was mainly denominated in Renminbi and Hong Kong dollars. The cash and bank balances will enable the Group to finance our business at the moment.

As at 30 June 2013, the Group had total borrowings (including bank and other borrowings and convertible bonds) of approximately HK\$909,963,000 (31 December 2012: approximately HK\$1,504,561,000). The Group's gearing ratio, which was defined as total borrowings as percentage of total assets, was approximately 29.80% (31 December 2012: approximately 48.66%).

As at 30 June 2013, the Group's current ratio and quick ratio were approximately 148.65% (31 December 2012: approximately 115.83%) and approximately 148.65% (31 December 2012: approximately 115.83%) respectively.

2.14 Capital expenditures

During the 2013 Period, the Group spent approximately HK\$2,666,000 (2012 Period: approximately HK\$6,473,000) as capital expenditures, which included acquisition of furniture, fixtures, equipment and construction in progress.

2.15 Capital commitments

As at 30 June 2013, the Group's contracted capital commitments amounted to approximately RMB1,700,225,000 (equivalent to approximately HK\$2,135,585,000), which represented:

- (a) an amount of approximately RMB380,000,000 (equivalent to approximately HK\$477,303,000) payable for the formation of BIPL, being the capital to be contributed into BIPL by the Group, calculated based on its registered capital of RMB1,000,000,000 (equivalent to approximately HK\$1,256,060,000), where as to 76% of which is invested by the Group;
- (b) an amount of approximately RMB1,172,555,000 (equivalent to approximately HK\$1,472,800,000) payable for a warehouse development project in Quzhou; and
- (c) an amount of approximately RMB147,670,000 (equivalent to approximately HK\$185,482,000) payable for the acquisition of subsidiaries for the projects in Tianjin and Haikou.

FOREIGN EXCHANGE EXPOSURE

The Group did not engage in any hedging transactions related to foreign currencies. The Group's exposure to currency exchange rate is minimal as majority of the Group operates in the PRC with most of the transaction denominated and settled in Renminbi. It is expected that the high possibility appreciation of Renminbi will have a positive effect on the Group's financial condition. The Group will closely assess and monitor the movement of Renminbi exchange rate, and to consider hedging the relative exposure, if necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 30 June 2013, the Group had entrusted loans with principal amount of RMB28,000,000 (equivalent to approximately HK\$35,170,000), which were secured by floating charges over the investment properties, buildings and prepaid land lease payments of a subsidiary of the Company with aggregated carrying amount of approximately RMB115,071,000 (equivalent to approximately HK\$144,536,000).

As at 31 December 2012, the Group had entrusted loans with principal amount of RMB28,000,000 (equivalent to approximately HK\$34,484,000), which were secured by floating charges over the investment properties, buildings and prepaid land lease payments of a subsidiary of the Company with aggregated carrying amount of approximately RMB115,579,000 (equivalent to approximately HK\$142,343,000).

LITIGATION

As at 30 June 2013, total gross floor area of two buildings, which in aggregate had approximately 11,585.25 square metres, together with the related land area of approximately 7,427.54 square metres Lugang were distrained by 北京市朝陽區人民法院 (Beijing Chaoyang District People's Court), due to the legal proceedings against Lugang.

EVENTS AFTER THE REPORTING PERIOD

Completion of the acquisition of a logistics company in Tianjin

On 1 August 2013, the Group completed the following acquisition from two third parties (the "Tianjin JVs Vendors"), pursuant to a framework agreement dated 6 March 2013 entered into between the Company and the Tianjin JVs Vendors: (i) the entire equity interest in Hong Kong High Broad International Investment Group Limited ("High Broad"), which holds 33.93% equity interest in 天津萬士隆國際物流有限公司 ("WSL Logistics"), for a cash consideration of RMB77,900,000 (equivalent to HK\$97,847,000); and (ii) the 36.07% equity interest in WSL Logistics for a cash consideration of RMB23,600,000 (equivalent to HK\$29,643,000).

Upon the completion of above transactions, the Group holds 100% and 70% equity interests in High Broad and WSL Logistics, respectively.

WSL Logistics is principally engaged in the leasing of warehouse facilities at Tianjin Airport International Logistics Zone in Tianjin.

Acquisition of a logistics company in Shanghai

On 8 August 2013, the Group entered into a sale and purchase agreement with Phoenix Real Estate Fund Wai Gao Qiao (Cayman Islands) Limited ("Phoenix Cayman"), pursuant to which the Group has conditionally agreed to purchase and Phoenix Cayman has conditionally agreed to sell the entire equity interest in Phoenix Real Estate Fund Wai Gao Qiao Holdings Limited ("Phoenix HK"), which holds the entire equity interest in 上海凡宜和倉儲有限公司 ("Shanghai Fanyihe") (collectively the "Phoenix HK Group"), for a total consideration of USD143,888,734, which is subject to adjustment in accordance with (i) the difference between the unaudited net assets value of the Phoenix HK Group on 31 May 2013 and (ii) the unaudited net assets value of the Phoenix HK Group on one business day preceding the completion date, without considering any adjustment in respect of the changes in fair value of the investment properties in Shanghai Fanyihe.

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai Fanyihe is the owner of 上海凡宜和外高橋保稅物流中心, which is a blocked customs warehouse situated at the intersection of Ganghua Road and Shenyua Road, Shanghai Phoenix Waigaoqiao Distribution Center, Shanghai Waigaoqiao Bonded Logistics Zone, Pudong New District, Shanghai City, PRC, comprising 23 warehouse units with a total gross floor area of approximately 211,918.22 square metres.

The acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As at the date of this report, the transaction has not been completed. Further details of acquisition are set out in the Company's announcement on 8 August 2013.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had a total of 115 (six months ended 30 June 2012: 96) employees. Total staff cost from continuing operations incurred during the 2013 Period amounted to approximately HK\$42,827,000 (six months ended 30 June 2012: approximately HK\$33,857,000) (including staff cost included in cost of sales, directors' remuneration and equity settled option expenses). 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
Zhou Si
Chairman

Hong Kong, 30 August 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited and restated)
	<i>Notes</i>	HK\$'000	HK\$'000
CONTINUING OPERATIONS			
REVENUE		4,451	6,781
Cost of sales and services		(1,688)	(2,625)
Gross profit		2,763	4,156
Gain on disposal of interests in subsidiaries		–	35,272
Other income and gains, net	4	36,208	34,014
Selling expenses		–	(849)
Administrative expenses		(60,166)	(48,658)
Provision for litigations		(8,243)	(8,234)
Other expenses		(6,964)	(26,887)
Finance costs	5	(19,099)	(51,621)
Share of loss of:			
A joint venture		(9,099)	(1,594)
Associates		(1,532)	(399)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(66,132)	(64,800)
Income tax	7	(354)	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(66,486)	(64,800)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	8	–	5,674
LOSS FOR THE PERIOD		(66,486)	(59,126)
Attributable to:			
Shareholders of the Company		(61,593)	(55,341)
Non-controlling interests		(4,893)	(3,785)
		(66,486)	(59,126)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted:			
For loss for the period	10	HK(1.33) cents	HK(1.44) cents
For loss from continuing operations		HK(1.33) cents	HK(1.59) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(66,486)	(59,126)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items to be reclassified to the consolidated income statement in subsequent periods:</i>		
Exchange differences:		
– Translation of foreign operations	22,841	(11,010)
– Reclassification adjustments for loss on disposal of interests in subsidiaries included in the consolidated income statement	–	(9,653)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX OF NIL	22,841	(20,663)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(43,645)	(79,789)
Attributable to:		
Shareholders of the Company	(38,377)	(73,828)
Non-controlling interests	(5,268)	(5,961)
	(43,645)	(79,789)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	<i>Notes</i>	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	17,308	16,194
Investment properties	11	173,633	170,248
Prepaid land lease payments		259,779	239,043
Goodwill		149,881	149,881
Investment in a joint venture		449,202	309,057
Investment in associates		49,473	50,032
Prepayments		68,542	–
Deposits paid for the acquisition of land use rights		–	15,200
Deferred tax assets		17	17
Total non-current assets		1,167,835	949,672
CURRENT ASSETS			
Trade receivables	12	235	253
Prepayments, deposits and other receivables		8,072	50,161
Due from a joint venture		286,032	322,672
Due from related parties		10	144
Cash and bank balances		1,591,837	1,769,367
Total current assets		1,886,186	2,142,597
CURRENT LIABILITIES			
Trade payables	13	502	228
Other payables and accruals		31,647	30,170
Due to a joint venture		–	3,198
Due to related parties		142,246	138,907
Bank and other borrowings		29,066	32,294
Convertible bonds	14	845,534	1,437,555
Income tax payables		284	279
Provision for litigations		219,564	207,090
Total current liabilities		1,268,843	1,849,721
NET CURRENT ASSETS		617,343	292,876
TOTAL ASSETS LESS CURRENT LIABILITIES		1,785,178	1,242,548

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	<i>Note</i>	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Bank and other borrowings		35,363	34,712
Deferred tax liabilities		68,103	66,424
		<hr/>	<hr/>
Total non-current liabilities		103,466	101,136
		<hr/>	<hr/>
Net assets		1,681,712	1,141,412
		<hr/>	<hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	15	474,109	383,779
Reserves		1,228,326	773,088
		<hr/>	<hr/>
Non-controlling interests		1,702,435	1,156,867
		(20,723)	(15,455)
		<hr/>	<hr/>
Total equity		1,681,712	1,141,412
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to shareholders of the Company											
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Convertible bonds equity reserve (Unaudited) HK\$'000	Exchange fluctuation reserves (Unaudited) HK\$'000	PRC statutory reserves (Unaudited) HK\$'000	Retained profits/(accumulated losses) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2013	383,779	-	367,278	78,535	5	174,952	65,815	-	86,503	1,156,867	(15,455)	1,141,412
Loss for the period	-	-	-	-	-	-	-	-	(61,593)	(61,593)	(4,893)	(66,486)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	23,216	-	-	23,216	(375)	22,841
Total comprehensive income (loss) for the period	-	-	-	-	-	-	23,216	-	(61,593)	(38,377)	(5,268)	(43,645)
Issue of shares upon conversion of share option	30	93	-	(38)	-	-	-	-	38	123	-	123
Issue of shares upon conversion of convertible bonds	90,300	522,769	-	-	-	(66,070)	-	-	-	546,999	-	546,999
Equity-settled share option arrangements	-	-	-	36,820	-	-	-	-	-	36,820	-	36,820
Transfer of equity component of convertible bonds upon early redemption of convertible bonds	-	-	-	-	-	(7,755)	-	-	7,755	-	-	-
Share of reserves of a joint venture	-	-	-	-	3	-	-	-	-	3	-	3
At 30 June 2013	474,109	522,862*	367,278*	115,317*	8*	101,127*	89,031*	-*	32,703*	1,702,435	(20,723)	1,681,712
At 1 January 2012:												
As previously reported	383,779	691,486	18,528	121,410	-	216,989	81,582	20,887	(300,986)	1,233,675	232,628	1,466,303
Effect of remeasurement of a business combination	-	-	-	-	-	-	(736)	-	(6,350)	(7,086)	(33,900)	(40,986)
As restated	383,779	691,486	18,528	121,410	-	216,989	80,846	20,887	(307,336)	1,226,589	198,728	1,425,317
Loss for the period, as restated	-	-	-	-	-	-	-	-	(55,341)	(55,341)	(3,785)	(59,126)
Other comprehensive loss for the period:												
Exchange differences:												
- Translation of foreign operations	-	-	-	-	-	-	(8,834)	-	-	(8,834)	(2,176)	(11,010)
- Reclassification adjustments for gain on disposal of interests in subsidiaries included in the consolidated income statement	-	-	-	-	-	-	(9,653)	-	-	(9,653)	-	(9,653)
Total comprehensive loss for the period, as restated	-	-	-	-	-	-	(18,487)	-	(55,341)	(73,828)	(5,961)	(79,789)
Disposal of subsidiaries	-	-	-	-	-	-	-	(20,887)	20,887	-	(201,372)	(201,372)
Equity-settled share option arrangements	-	-	-	43,073	-	-	-	-	-	43,073	-	43,073
Transfer of share option reserve due to resignation of a staff and a consultant	-	-	-	(180)	-	-	-	-	180	-	-	-
Transfer of equity component of convertible bonds upon early redemption of convertible bonds	-	-	-	-	-	(29,881)	-	-	29,881	-	-	-
At 30 June 2012, as restated	383,779	691,486	18,528	164,303	-	187,108	62,359	-	(311,729)	1,195,834	(8,605)	1,187,229

* These reserve accounts comprise the consolidated reserves of HK\$1,228,326,000 (unaudited) (31 December 2012: HK\$773,088,000) in the condensed consolidated statement of financial position as at 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash flows from/(used in) operating activities	<u>56,940</u>	<u>(82,744)</u>
Net cash flows from/(used in) investing activities	<u>(198,580)</u>	<u>241,063</u>
Net cash flows used in financing activities	<u>(64,988)</u>	<u>(699,193)</u>
Net decrease in cash and cash equivalents	(206,628)	(540,874)
Cash and cash equivalents at beginning of period	1,769,367	2,873,409
Effect of foreign exchange rate changes	<u>29,098</u>	<u>(11,657)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,591,837</u>	<u>2,320,878</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2013 have 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"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation adopted in the preparation of these interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2012 except for the changes in accounting policies made thereafter in adopting the new and 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.

These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Fair Value Measurement</i>
HKFRS 13	<i>Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 1 Amendments	<i>Employee Benefits</i>
HKAS 19 (2011)	<i>Separate Financial Statements</i>
HKAS 27 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 28 (2011)	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
HK(IFRIC)-Int 20	<i>Amendments to a number of HKFRSs issued in June 2012</i>
<i>Annual Improvements 2009-2011 Cycle</i>	

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

The adoption of the revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements except for the following:

- presentation of the consolidated statement of comprehensive income has been modified to meet the requirements of HKAS 1 (Amendments) *Presentation of Items of Other Comprehensive Income*; and
- “jointly-controlled entity” has been superseded by “joint venture” following the adoption of HKFRS 11 *Joint Arrangements*.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the properties business segment engages in the development of residential and commercial properties in Mainland China;
- (b) the logistics business segment engages in the lease of warehouse facilities and provision of management services; and
- (c) the gardening business segment engages in the manufacture and sale of outdoor gardening products and indoor lifestyle products (discontinued during the six months ended 30 June 2012 – note 8).

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 profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax, except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets excluded deferred tax assets, amounts due from a joint venture and related parties, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present revenue, profit or loss and assets information for the Group's reportable operating segments during the period.

	Continuing operations						Discontinued operation			
	Properties business		Logistics business		Total		Gardening business		Total	
	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2013	For the six months ended 30 June 2012
	(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000	(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000	(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000	(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000	(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000
Segment revenue:										
Sales to external customers	-	2,867	4,451	3,914	4,451	6,781	-	35,093	4,451	41,874
Other income and gains, net	-	-	-	-	-	-	-	-	-	-
	-	2,867	4,451	3,914	4,451	6,781	-	35,093	4,451	41,874
Reconciliation:										
Bank interest income					16,100	23,326	-	-	16,100	23,326
Other interest income					10,433	10,663	-	-	10,433	10,663
Gain on disposal of interests in subsidiaries					-	35,272	-	-	-	35,272
Gain on disposal of a discontinued operation					-	-	-	12,901	-	12,901
Unallocated gains					9,675	25	-	244	9,675	269
Revenue, other income and gains, net					40,659	76,067	-	48,238	40,659	124,305
Segment results:										
The Group	-	(927)	(19,077)	(15,307)	(19,077)	(16,234)	-	(7,298)	(19,077)	(23,532)
Share of loss of:										
A joint venture	-	-	(9,099)	(1,594)	(9,099)	(1,594)	-	-	(9,099)	(1,594)
Associates	-	-	(1,532)	(399)	(1,532)	(399)	-	-	(1,532)	(399)
	-	(927)	(29,708)	(17,300)	(29,708)	(18,227)	-	(7,298)	(29,708)	(25,525)
Reconciliation:										
Bank interest income					16,100	23,326	-	-	16,100	23,326
Other interest income					10,433	10,663	-	-	10,433	10,663
Gain on disposal of interests in subsidiaries					-	35,272	-	-	-	35,272
Gain on disposal of a discontinued operation					-	-	-	12,901	-	12,901
Unallocated gains					9,675	25	-	244	9,675	269
Corporate and unallocated expenses					(53,533)	(64,238)	-	-	(53,533)	(64,238)
Finance costs					(19,099)	(51,621)	-	(161)	(19,099)	(51,782)
Profit/(loss) before tax					(66,132)	(64,800)	-	5,686	(66,132)	(59,114)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3. OPERATING SEGMENT INFORMATION (Continued)

	Continuing operations						Discontinued operation			
	Properties business		Logistics business		Total		Gardening business		Total	
	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Segment assets	-	-	1,174,244	997,551	1,174,244	997,551	-	-	1,174,244	997,551
Reconciliation: Corporate and other unallocated assets					1,879,777	2,094,718	-	-	1,879,777	2,094,718
Total assets					3,054,021	3,092,269	-	-	3,054,021	3,092,269

4. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net from continuing operations is as follows:

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Bank interest income	16,100	23,326
Other interest income	10,433	10,663
Foreign exchange differences, net	9,675	-
Others	-	25
	36,208	34,014

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Interests on bank loans and other loans wholly repayable within five years	2,961	6,046
Imputed interest on convertible bonds	11,539	19,687
Loss on early redemption of convertible bonds	4,599	25,888
	19,099	51,621

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Cost of inventories sold	–	1,865
Direct cost of rental income	1,149	172
Cost of services provided	539	588
Depreciation	1,235	1,272
Amortisation of land lease payments	3,513	3,038
Equity-settled share option expenses [#]	36,820	43,073
Foreign exchange differences, net [*]	(9,675)	5,005

[#] Equity-settled share option expenses amounting to HK\$29,863,000 (six months ended 30 June 2012: 21,192,000) and HK\$6,957,000 (six months ended 30 June 2012: HK\$21,881,000) are included in "Administrative expenses" and "Other expenses" on the face of the condensed consolidated income statement, respectively.

^{*} Foreign exchange differences, net for the six months ended 30 June 2013 and 2012 are included in "Other income and gains, net" and "Other expenses" on the face of the condensed consolidated income statement, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7. INCOME TAX

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

The People's Republic of China (the "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 existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current	–	–
Deferred – Mainland China	<u>354</u>	–
	<u>354</u>	–

8. DISCONTINUED OPERATION

On 10 May 2012, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group sold the entire equity interest in New Radiant Investments Limited ("New Radiant", a then wholly-owned subsidiary of the Group) to the independent third party at a cash consideration of HK\$5,000,000. The transaction was completed on 31 May 2012.

The Group's gardening business operation was solely undertaken by New Radiant and its subsidiaries. Accordingly, the gardening business operation of the Group was discontinued upon the completion of the transaction.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

8. DISCONTINUED OPERATION (Continued)

- (a) The results of the discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 June 2013 and 2012 are summarised as below:

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	–	35,337
Expenses	–	(42,552)
Loss before tax of the discontinued operation	–	(7,215)
Income tax expense related to loss before tax of the discontinued operation	–	(12)
Gain on disposal of the discontinued operation, net of income tax of nil (<i>note 16</i>)	–	(7,227)
Profit for the period from a discontinued operation wholly attributable to shareholders of the Company	–	12,901
	–	5,674

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

8. DISCONTINUED OPERATION (Continued)

- (b) The net cash flows of the discontinued operation dealt with in the condensed consolidated financial statements for the periods ended 30 June 2013 and 2012 are as below:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating activities	–	(6,367)
Investing activities	–	(91)
Financing activities	–	3,254
	<hr/>	<hr/>
Net cash outflow attributable to the discontinued operation	–	(3,204)

- (c) Earnings per share from the discontinued operation

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Basic and diluted	–	HK0.15 cents

The calculation of the basic earnings per share amount from the discontinued operation for the six months ended 30 June 2012 is based on the profit for the period from a discontinued operation of HK\$5,674,000, and the weighted average number of 3,837,788,500 ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts from the discontinued operation presented for the six months ended 30 June 2012 in respect of a dilution as the impact of the share options and convertible bonds outstanding during the period had either no diluting effect or an anti-dilutive effect on the basic earnings per share amounts from the discontinued operation presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

9. DIVIDEND

The Board of the Company does not recommend the payment of a dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the unaudited loss for the period and unaudited loss for the period from continuing operations attributable to shareholders of the Company of HK\$66,486,000 (six months ended 30 June 2012: HK\$59,126,000) and HK\$66,486,000 (six months ended 30 June 2012: HK\$64,800,000), respectively, and the weighted average number of 4,621,340,434 (six months ended 30 June 2012: 3,837,788,500) ordinary shares in issue during the period.

In respect of the diluted loss per share amounts, no adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2013 and 2012 as the impact of the share options and convertible bonds outstanding during these periods had either no dilutive effect or an anti-dilutive effect on the basic loss per share amounts presented.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2013, the Group purchased certain property, plant and equipment and construction in progress of approximately HK\$1,490,000 and HK\$1,176,000, respectively.

The fair value of investment properties as at 30 June 2013 was arrived at the quoted open market value by reference to observable prices in recent market transactions in comparable properties in the PRC, which was comparable to the fair value of investment properties as at 31 December 2012. The directors of the Company do not consider there was any material change in the fair value of investment properties during the six months ended 30 June 2013. The increase in carrying amount of investment properties was due to the effect of exchange realignment for the period.

12. TRADE RECEIVABLES

The Group allows a credit period of 14 to 60 days to its trade customers, except for certain customers with credit period of more than 60 days.

The ageing of trade receivables at the end of the reporting period, based on due date and net of impairment, is all within credit period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

13. TRADE PAYABLES

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

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Within 1 month	98	–
1 to 2 months	–	–
2 to 3 months	404	228
	502	228

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

14. CONVERTIBLE BONDS

The Company had two batches of convertible bonds outstanding during the six months ended 30 June 2013, the summary information of which is set out as follows:

	Placing Convertible Bonds*	Convertible Bonds*
Issuance date	3 December 2010	31 December 2010
Maturity date	2 December 2015	30 December 2015
Redemption option of the convertible bonds holders	Any day after the first anniversary of the issuance date	
Original principal amount (HK\$'000)	499,850	1,500,000
Coupon rate	Zero	Zero
Conversion price per ordinary share of the Company (HK\$)	0.65	0.65

* As defined in the respective circulars of the Company in connection with issuance of the convertible bonds.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

14. CONVERTIBLE BONDS (Continued)

Each batch of these convertible bonds was bifurcated into a liability component and equity component for accounting purposes. The following tables summarise the movements in the principal amounts, and liability and equity components of the Company's convertible bonds during the period:

	Placing Convertible Bonds (Unaudited) HK\$'000	Convertible Bonds (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Principal amount outstanding			
At 1 January 2013	46,150	1,500,000	1,546,150
Conversion to ordinary shares	–	(586,950)	(586,950)
Redemption	(44,200)	(16,960)	(61,160)
	<u>1,950</u>	<u>896,090</u>	<u>898,040</u>
At 30 June 2013	1,950	896,090	898,040
Liability component			
At 1 January 2013	41,957	1,395,598	1,437,555
Transfer to share capital and share premium account upon conversion to ordinary shares	–	(546,999)	(546,999)
Redemption	(40,594)	(15,967)	(56,561)
Imputed interest expense	439	11,100	11,539
	<u>1,802</u>	<u>843,732</u>	<u>845,534</u>
At 30 June 2013	1,802	843,732	845,534
Equity component (included in the convertible bond equity reserve)			
At 1 January 2013	6,104	168,848	174,952
Transfer to share capital and share premium account upon conversion to ordinary shares	–	(66,070)	(66,070)
Redemption	(5,846)	(1,909)	(7,755)
	<u>258</u>	<u>100,869</u>	<u>101,127</u>
At 30 June 2013	258	100,869	101,127

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. SHARE CAPITAL

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
<i>Authorised:</i>		
10,000,000,000 ordinary shares of HK\$0.10 each	1,000,000	1,000,000
<i>Issued and fully paid:</i>		
4,741,088,500 (31 December 2012: 3,837,788,500) ordinary shares of HK\$0.10 each	474,109	383,779

A summary of transactions during the period in the Company's issued capital is as follows:

	<i>Notes</i>	Number of issued and fully paid ordinary shares (Unaudited)	Issued share capital (Unaudited) HK\$'000
At 1 January 2013		3,837,788,500	383,779
Share options exercised	<i>(a)</i>	300,000	30
Shares issued upon conversion of convertible bonds	<i>(b)</i>	<u>903,000,000</u>	<u>90,300</u>
At 30 June 2013		<u>4,741,088,500</u>	<u>474,109</u>

Notes:

- (a) The subscription right attaching to 300,000 share options were exercised at the subscription price of HK\$0.41 each for a total cash consideration, before expenses, of HK\$123,000.
- (b) During the period, the Convertible Bonds of the Company with an aggregate principal amount of HK\$586,950,000 were converted by Beijing Enterprises Real Estate (HK) Limited ("BE Real Estate HK") into 903,000,000 ordinary shares of the Company at the conversion price of HK0.65 per share. The difference of HK\$522,769,000 between the nominal value of the ordinary shares issued and the then aggregate carrying amounts of the liability and equity components of the Convertible Bonds at the date of conversion was transferred to the Company's share premium account.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

16. DISPOSAL OF SUBSIDIARIES

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		<i>(Notes (i) and (ii))</i>
Net assets disposed of:		
Property, plant and equipment	–	1,400
Deferred tax assets	–	40,307
Inventories	–	52
Properties held for sale	–	115,151
Trade receivables	–	13,632
Deposits, prepayments and other receivables	–	239,005
Due from related companies	–	160,064
Cash and bank balances	–	330,233
Trade payables	–	(80,290)
Other payables and accruals	–	(89,464)
Income tax payables	–	(227,978)
Bank and other borrowings	–	(5,726)
Deferred tax liabilities	–	(18,683)
Non-controlling interests	–	(201,372)
	<hr/>	<hr/>
	–	276,331
Exchange fluctuation reserve realised	–	(9,653)
Professional costs for the disposal of interests in subsidiaries	–	285
Gain on disposal of interest in subsidiaries	–	35,272
Gain on disposal of a discontinued operation (<i>note 8</i>)	–	12,901
	<hr/>	<hr/>
	–	315,136
	<hr/>	<hr/>
Satisfied by cash	–	315,136
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

16. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net outflow in respect of the disposal of subsidiaries is as follows:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Cash consideration	–	315,136
Consideration satisfied by offsetting current account	–	(222,428)
Cash consideration received in advance in prior period	–	(9,268)
Cash and bank balances disposed of	–	(330,233)
Professional costs associated with disposal of interests in subsidiaries	–	(285)
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	(247,078)
	<hr/>	<hr/>

Note: During the six months ended 30 June 2012, the Group had the following transactions for the disposal of subsidiaries:

- (i) Pursuant to a sale and purchase agreement dated 8 December 2011, the Company disposed of its entire interest in Zenna Investments Limited (“Zenna”, a then wholly-owned subsidiary of the Company, together with its subsidiaries referred to as the “Zenna Group”) to an independent third party at a cash consideration of RMB251,710,000 (equivalent to HK\$310,136,000). The consideration of RMB7,000,000 (equivalent to HK\$9,268,000) was received by the Group during the year ended 31 December 2011 and was included in other payables and accruals as at 31 December 2011. Zenna Group is principally engaged in the development of residential properties in Mainland China. The transaction was completed on 16 March 2012.
- (ii) As detailed in note 8 to this report, the Company disposed of its entire equity interest in New Radiant to an independent third party on 31 May 2012 at a cash consideration of HK\$5,000,000.

17. CAPITAL COMMITMENTS

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

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Capital contributions to a joint venture	477,303	320,209
Capital contributions to a warehouse development project in Quzhou	1,472,800	1,477,887
Acquisition of a joint venture	–	47,156
Acquisition of subsidiaries	185,482	–
	<hr/>	<hr/>
	2,135,585	1,845,252
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

18. RELATED PARTY TRANSACTIONS

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

Name of the related party	Nature of transaction	Notes	For the six months ended 30 June	
			2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
A major shareholder of the Company				
Beijing Holdings Limited*	Rental expenses	(i)	–	887
A follow subsidiary				
Beijing Holdings Limited*	Rental expenses	(i)	893	–
Joint venture				
北京北建通成國際物流有限公司	Interest income	(ii)	10,433	10,663

* On 14 March 2013, Beijing Holdings Limited (“BHL”), the then holding company of Brilliant Bright Holdings Limited (“Brilliant Bright”, the controlling shareholder of the Company which holds 32.86% equity interest of the Company), transferred the entire equity interest in Brilliant Bright to BE Real Estate HK. Upon the completion of the transfer, BHL became a fellow subsidiary of the Company.

(i) The rental expenses were charged at a mutually agreed amount of RMB1,441,000 per annum. The transactions also constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions can be found on the websites of the Company and the Stock Exchange.

(ii) The interest income was charged at the rate of the PRC one year’s term loan rate as published by the People’s Bank of China. The transactions also constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions can be found on the websites of the Company and the Stock Exchange.

(b) On 24 May 2013, the Company granted 79,000,000 share options to several directors of the Company with the exercise periods ranging from 24 May 2013 to 23 May 2023 at an exercise price of HK\$0.574 per ordinary share.

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

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Short term employee benefits	1,879	1,453
Equity-settled share option expenses	20,667	10,318
Total compensation paid to key management personnel	22,546	11,771

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

19. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Financial assets				
Cash and bank balances	1,591,837	1,769,367	1,591,837	1,769,367
Trade receivables	235	253	235	253
Financial assets included in prepayments, deposits and other receivables	205	42,930	205	42,930
Due from a joint venture	286,032	322,672	286,032	322,672
Due from related parties	10	144	10	144
	<u>1,878,319</u>	<u>2,135,366</u>	<u>1,878,319</u>	<u>2,135,366</u>
Financial liabilities				
Trade payables	502	228	502	228
Financial liabilities included in other payables and accruals	1,456	2,147	1,456	2,147
Due to a joint venture	–	3,198	–	3,198
Due to related parties	142,246	138,907	142,246	138,907
Bank and other borrowings	64,429	67,006	64,429	67,006
Convertible bonds	845,534	1,437,555	845,534	1,437,555
	<u>1,054,167</u>	<u>1,649,041</u>	<u>1,054,167</u>	<u>1,649,041</u>

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 following methods and assumptions were used to estimate the fair values:

The fair value of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to a joint venture and related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

19. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

The fair value of bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds is estimated based on valuation techniques by using equivalent market rates and parameters.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Liabilities measured at fair value

As at 30 June 2013

	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Convertible bonds	–	845,534	–	845,534

As at 31 December 2012

	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
Convertible bonds	–	1,437,555	–	1,437,555

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 (six months ended 30 June 2012: Nil) and no transfers into or out of Level 3 (six months ended 30 June 2012: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20. EVENTS AFTER THE REPORTING PERIOD

(a) Completion of the acquisition of a logistics company in Tianjin

On 1 August 2013, the Group completed the following acquisition from two third parties (the “Tianjin JVs Vendors”), pursuant to a framework agreement dated 6 March 2013 entered into between the Company and the Tianjin JVs Vendors: (i) the entire equity interest in Hong Kong High Broad International Investment Group Limited (“High Broad”), which holds 33.93% equity interest in 天津萬士隆國際物流有限公司 (“WSL Logistics”), for a cash consideration of RMB77,900,000 (equivalent to HK\$97,847,000); and (ii) the 36.07% equity interest in WSL Logistics for a cash consideration of RMB23,600,000 (equivalent to HK\$29,643,000).

Upon the completion of above transactions, the Group holds 100% and 70% equity interests in High Broad and WSL Logistics, respectively.

WSL Logistics is principally engaged in the leasing of warehouse facilities at Tianjin Airport International Logistics Zone in Tianjin.

(b) Acquisition of a logistics company in Shanghai

On 8 August 2013, the Group entered into a sale and purchase agreement with Phoenix Real Estate Fund Wai Gao Qiao (Cayman Islands) Limited (“Phoenix Cayman”), pursuant to which the Group has conditionally agreed to purchase and Phoenix Cayman has conditionally agreed to sell the entire equity interest in Phoenix Real Estate Fund Wai Gao Qiao Holdings Limited (“Phoenix HK”), which holds the entire equity interest in 上海凡宜和倉儲有限公司 (“Shanghai Fanyihe”) (collectively the “Phoenix HK Group”), for a total consideration of USD143,888,734, which is subject to adjustment in accordance with the difference between (i) the unaudited net assets value of the Phoenix HK Group on 31 May 2013 and (ii) the unaudited net assets value of the Phoenix HK Group on one business day preceding the completion date, without considering any adjustment in respect of the changes in fair value of the investment properties in Shanghai Fanyihe.

Shanghai Fanyihe is the owner of 上海凡宜和外高橋保稅物流中心, which is a blocked customs warehouse situated at the intersection of Ganghua Road and Shenyua Road, Shanghai Phoenix Waigaoqiao Distribution Center, Shanghai Waigaoqiao Bonded Logistics Zone, Pudong New District, Shanghai City, PRC, comprising 23 warehouse units with a total gross floor area of approximately 211,918.22 square metres.

The acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. As at the date of this report, the transaction has not been completed. Further details of acquisition are set out in the Company’s announcement on 8 August 2013.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

21. REMEASUREMENT OF A BUSINESS COMBINATION IN 2011

As disclosed in note 37 to the Company's consolidated financial statements for the year ended 31 December 2012, as a result of the PRC legal advice obtained by the Group in relation to the legal proceedings brought by a bank in Mainland China against 北京陸港國際物流有限公司 ("Lugang", a 88.24% subsidiary of Zhi Jian Limited) in May 2012, the Group retrospectively remeasured the business combination of Zhi Jian Limited and its subsidiaries (collectively the "Zhi Jian Group"), which was completed on 21 November 2011, within the measurement period in accordance with HKFRS 3 by including the contingent liabilities of the repayment obligations of certain bank loans and the related interests and overdue penalties (the "Zhi Jian Group Contingent Liabilities") arising from the defects in the reorganisation undertaken by certain investors for the establishment of Lugang in 2001, as additional identifiable liabilities assumed by the Group in the acquisition.

Prior period adjustments have been made to restate the Group's interim condensed consolidated financial statements for the six months ended 30 June 2012 as a result of the remeasurement of the business combination of the Zhi Jian Group and the effects of which are summarised as follows:

- goodwill as at 1 January 2012 and 30 June 2012 have been increased by HK\$148,991,000 and HK\$148,991,000, respectively;
- other liabilities as at 1 January 2012 has been increased by HK\$190,867,000. The amount was reclassified to "Provision for litigations" at its then carrying amount of RMB154,735,000 (equivalent to HK\$190,867,000) when the legal proceedings were brought against Lugang in May 2012. Provision for litigations as at 30 June 2012 has been increased by HK\$198,128,000;
- provision for litigations amounting to RMB6,689,000 (equivalent to HK\$8,234,000) was recognised in the condensed consolidated income statement during the six months ended 30 June 2012;
- exchange fluctuation reserve as at 1 January 2012 and 30 June 2012 have been decreased by HK\$736,000 and increased by HK\$64,000, respectively;
- non-controlling interests as at 1 January 2012 and 30 June 2012 have been decreased by HK\$33,900,000 and HK\$35,190,000, respectively; and
- accumulated losses as at 1 January 2012 and 30 June 2012 have been increased by HK\$6,350,000 and HK\$13,122,000, respectively.

22. COMPARATIVE AMOUNTS

As a result of the remeasurement of a business combination in 2011 as further detailed in note 21, certain comparative amounts for the condensed consolidated financial statements have been restated and reclassified. In addition, certain comparative amounts have been reclassified to conform to the current period's presentation. Accordingly, the comparative condensed consolidated income statement has been re-presented.

DISCLOSEABLE INFORMATION

DISCLOSURES PURSUANT TO RULES 13.22 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.22 of the Listing Rules, the following disclosure is included in respect of financial assistance given to affiliated company. As at the latest practicable date (i.e. 30 June 2013), the Group has provided to affiliated company financial assistance amounting, in aggregate, to RMB225,000,000 (equivalent to approximately HK\$282,614,000) which exceeded 8% of the assets ratio of the Company, as defined under Rule 14.07(1) of the Listing Rules. The combined statement of financial position of the affiliated company as at 30 June 2013 and the Group's attributable interest therein are as follows:

	Combined statement of financial position HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	25,002	19,002
Current assets	864,749	657,209
Current liabilities	<u>(294,164)</u>	<u>(223,565)</u>
Net assets	<u>595,587</u>	<u>452,646</u>
Issued capital	614,559	
Reserves	<u>(18,972)</u>	
Equity	<u>595,587</u>	

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 at the end of the period.

DISCLOSEABLE INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the interests and short position of the directors and the chief executive of the Company in the shares, 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 director	Nature of interest	Number of shares held	Percentage of the Company's issued share capital (%)
Mr. Yu Luning	Beneficial Owner	<u>2,476,000</u>	0.06

Long position in underlying shares of the Company

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

Save as disclosed above, as at 30 June 2013, none of the directors or chief executive 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.

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES

On 18 March 2010, the Company has adopted new share option scheme (the “Scheme”) to replace the old share option scheme adopted on 18 June 2002 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 directors 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.

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

The exercise price of share options is determinable by the directors, 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 offer of the share options; (ii) the average closing price of the Company's ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. 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.

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2013 as follows:

Name or category of participant	Number of share options					Date of grant of share options**	Exercise period of share options	Exercise price of share options HK\$ per share	The closing price of Company's ordinary shares immediately before the date of grant HK\$ per share
	At 1 January 2013	Granted during the period	Exercised during the period	Cancelled during the period	At 30 June 2013				
Directors:									
Mr. Zhou Si	7,000,000	-	-	-	7,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	12,000,000	-	-	12,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	12,000,000	12,000,000	-	-	24,000,000				
Mr. Yu Li	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	4,250,000	-	-	-	4,250,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	11,000,000	-	-	11,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	10,250,000	11,000,000	-	-	21,250,000				
Mr. Qian Xu	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	6,000,000	-	-	-	6,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	10,000,000	-	-	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	12,000,000	10,000,000	-	-	22,000,000				
Mr. Xu Taiyan	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	6,000,000	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	10,000,000	6,000,000	-	-	16,000,000				
Mr. Jiang Xinhao	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	3,300,000	-	-	-	3,300,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	6,000,000	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	8,300,000	6,000,000	-	-	14,300,000				

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

Name or category of participant	Number of share options					Date of grant of share options**	Exercise period of share options	Exercise price of share options HK\$ per share	The closing price of Company's ordinary shares immediately before the date of grant HK\$ per share
	At 1 January 2013	Granted during the period	Exercised during the period	Cancelled during the period	At 30 June 2013				
Ms. Meng Fang	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	6,000,000	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	10,000,000	6,000,000	-	-	16,000,000				
Mr. Siu Kin Wai	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	6,000,000	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	10,000,000	6,000,000	-	-	16,000,000				
Mr. Yu Luning	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	4,000,000	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	10,000,000	4,000,000	-	-	14,000,000				
Mr. Liu Xueheng	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	-	4,000,000	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	5,000,000	4,000,000	-	-	9,000,000				
Mr. Ang Renyi	-	4,000,000	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
Mr. Goh Gen Cheung	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	2,000,000	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	3,837,700	2,000,000	-	-	5,837,700				
Mr. Ma Chiu Cheung, Andrew	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	2,000,000	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	3,837,700	2,000,000	-	-	5,837,700				
Mr. Ng Tang Fai, Ernesto	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 30-May-22	0.410	0.41
	-	2,000,000	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	3,837,700	2,000,000	-	-	5,837,700				

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

Name or category of participant	Number of share options					Date of grant of share options**	Exercise period of share options	Exercise price of share options HK\$ per share	The closing price of Company's ordinary shares immediately before the date of grant HK\$ per share
	At 1 January 2013	Granted during the period	Exercised during the period	Cancelled during the period	At 30 June 2013				
Mr. Zhu Wuxiang	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	-	2,000,000	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	2,000,000	2,000,000	-	-	4,000,000				
Mr. James Chan	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	-	2,000,000	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	2,000,000	2,000,000	-	-	4,000,000				
Other employees and consultants in aggregate:	141,000,000	-	-	-	141,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465	0.47
	258,850,000	-	300,000	-	258,550,000	1-Jun-12	1-Jun-12 to 30-May-22	0.41	0.41
	-	101,000,000	-	-	101,000,000	24-May-13	24-May-13 to 23-May-23	0.574	0.53
	399,850,000	101,000,000	300,000	-	500,550,000				
	502,913,100	180,000,000	300,000	-	682,613,100				

Notes:

** The share options have no vesting period.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs "Directors' and chief executive's interests in shares and underlying shares" and "Share option schemes", at no time during the six months ended 30 June 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, under the age of 18 or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DISCLOSEABLE INFORMATION

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

At 30 June 2013, the following interests and short positions of 5% or more of the issued share capital and warrants of the Company were recorded in the register of interests required to be kept by the Company pursuant to 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	32.86%
Beijing Enterprises Real Estate (HK) Limited	(b)	1,007,396,000	1,557,792,500	1,378,600,407	–	3,943,788,907	83.18%
北京北控置業有限責任公司 (Beijing Enterprises Group Real Estate Co., Limited)	(c)	–	2,565,188,500	–	1,378,600,407	3,943,788,907	83.18%
Beijing Enterprises Group Company Limited	(d)	–	2,565,188,500	–	1,378,600,407	3,943,788,907	83.18%
Thular Limited	(f)	354,400,000	–	–	–	354,400,000	7.47%
Kerry Holdings Limited	(f)	–	354,400,000	–	–	354,400,000	7.47%
Kerry Group Limited	(f)	–	354,400,000	–	–	354,400,000	7.47%

Notes:

- Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 shares.
- Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) directly holds 1,007,396,000 shares; (ii) holds 1,378,600,407 underlying shares through its ownerships in the HK\$896,090,265 convertible bonds of the Company which are convertible at HK\$0.65 per share; and (iii) is deemed to be interested in the 1,557,792,500 shares by virtue of its controlling interests in its wholly owned subsidiary, Brilliant Bright.
- BEREHK is a wholly-owned subsidiary of Beijing Enterprises Group Real-Estate Co., Ltd. ("BEGRE"). The interest disclosed represents the shares and underlying shares owned by BEREHK as detail in note (b).
- BEGRE is a wholly-owned subsidiary of Beijing Enterprises Group Company Limited ("BE Group"). The interest disclosed represents the shares and underlying shares owned by BEGRE as detail in note (c).
- The interests disclosed represents the shares and underlying shares owned by BEREHK and BEGRE as detail in note (b) and (c) respectively. BEGRE is held directly by the BE Group. Accordingly, BE Group is deemed to be interested in the shares and underlying shares.
- Thular Limited ("Thular") is the beneficial owner of 354,400,000 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 said shares.

Save as disclosed above, as at 30 June 2013, no person 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.

DISCLOSEABLE INFORMATION

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 2012 of the Company, which is required to be disclosed pursuant of Rule 13.51B(1) of the Listing Rules, are set out below:

During the period, pursuant to the Company's policies and practices and in consideration of the increasing level of duties and responsibilities as well as the market conditions, the remuneration packages of the Directors (including both the executive Directors and the independent non-executive Directors) were reviewed and revised. Accordingly, with effect from 1 January 2013, the directors' fees payable to the Directors per annum were revised as follows:

HK\$'000

Executive Directors

Mr. Zhou Si	180
Mr. Yu Li	180
Mr. Qian Xu	180
Mr. Siu Kin Wai	144
Mr. Xu Taiyan	144
Mr. Jiang Xinhao	144
Ms. Meng Fang	144
Mr. Yu Luning	132
Mr. Liu Xueheng	132
Mr. Ang Renyi	132

Independent Non-executive Directors

Mr. Ma Chiu Cheung, Andrew	132
Mr. Goh Gen Cheung	132
Mr. Ng Tang Fai, Ernesto	132
Mr. Zhu Wuxiang	132
Mr. James Chan	132

Name of Director

Details of Changes

Mr. Zhou Si	Appointed as chairman of the board of directors and executive director of China Gas Holdings Limited (Stock Code: 384), a company listed on the Main Board of the Stock Exchange, with effect from 23 August 2013
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Save as disclosed above, since the issue date of the Company's 2012 annual report, there has been no change in the board of directors, and there has been no change in directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2013.

CORPORATE GOVERNANCE REPORT

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

In the opinion of the Directors, the Company has complied with the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, except as disclosed herein below.

Under the revised code provision E.1.2, the Chairman of the Board should attend the Annual General Meeting and invite the chairmen of Audit, Remuneration, Nomination and any other committees (as appropriate) to attend. However, in the Annual General Meeting held on 14 June 2013 (the “2013 AGM”), our Chairman was unable to attend the meeting due to his other commitments. He appointed Mr. Siu Kin Wai, the Executive Director and Company Secretary of the Company to chair the meeting on his behalf and chairmen of the Audit, Remuneration and Nomination Committees had also attended the 2013 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 of 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 2013.

INVESTMENT AND RISK MANAGEMENT COMMITTEE

The Investment and Risk Management Committee of the Company was established on 4 May 2011, which is mainly responsible for: (i) assessing and recommending to the Board all possible investment proposals prepared by the senior management; (ii) analysing the possible adverse effect of global economic environment and recommending measures and solutions to the Board; (iii) assessing the operating risks of the Company and our subsidiaries and recommending solutions to the Board.

The members of the Investment and Risk Management Committee are Mr. Qian Xu, Mr. Jiang Xinhao, Ms. Meng Fang, Mr. Siu Kin Wai, Mr. Yu Luning, Mr. Liu Xueheng and Mr. Zhu Wuxiang. All members except Mr. Zhu Wuxiang are Executive Directors of the Company as the committee will mostly involve in operational matters of the Group. Mr. Zhu Wuxiang is the representative of Independent Non-Executive Directors to join the committee to provide independent and professional opinion.

Following the resignation of Mr. Ang Keng Lam on 19 December 2012, the chairman position of the committee became vacant. On 30 August 2013, Mr. Liu Xueheng and Mr. Ang Renyi were respectively appointed the chairman and a member of the committee by a board resolution.

CORPORATE GOVERNANCE REPORT

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 of the Listing Rules. It comprises five Independent Non-Executive Directors of the Company to review on matters regarding internal controls and financial reporting of the Group, including review of the unaudited interim results for the six months ended 30 June 2013 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 2013, the Audit Committee members are all Independent Non-Executive Directors. Members of the Audit Committee are Mr. Ma Chiu Cheung, Andrew (Chairman), Mr. Goh Gen Cheung, Mr. Ng Tang Fai, Ernesto, Mr. Zhu Wuxiang and Mr. James Chan.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005, which is responsible for formulating and making recommendation to the Board on the Group's policy and structure for all the remunerations of the directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

During the six months ended 30 June 2013, the majority of the Remuneration Committee members are Independent Non-Executive Directors. Members of the Remuneration Committee are Mr. Goh Gen Cheung (Chairman), Mr. Ma Chiu Cheung, Andrew, Mr. Ng Tang Fai, Ernesto, Mr. James Chan and Mr. Yu Luning.

NOMINATION COMMITTEE

The Nomination Committee was established in 2005, which is responsible for nominating and affirming candidates approved by the Board, reviewing the structure and composition of the Board on a regular basis, ensuring the competitive position of the organisation, evaluating the leadership abilities of Executive and Non-Executive Directors and ensuring fair and transparent procedures for the appointment of directors to the Board.

During the six months ended 30 June 2013, the majority of the Nomination Committee members are Independent Non-Executive Directors. Members of the Nomination Committee are Mr. Ng Tang Fai, Ernesto (Chairman), Mr. Goh Gen Cheung, Mr. Ma Chiu Cheung, Andrew, Mr. James Chan, Mr. Qian Xu, Mr. Yu Luning and Ms. Meng Fang.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implement an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing financial, operational, compliance controls and risk management functions within an established framework. In view of strengthening the internal control system to meet with the continuous corporate and business development of the Company, the Board will conduct an internal company-wide study to review and enhance the internal control system.