

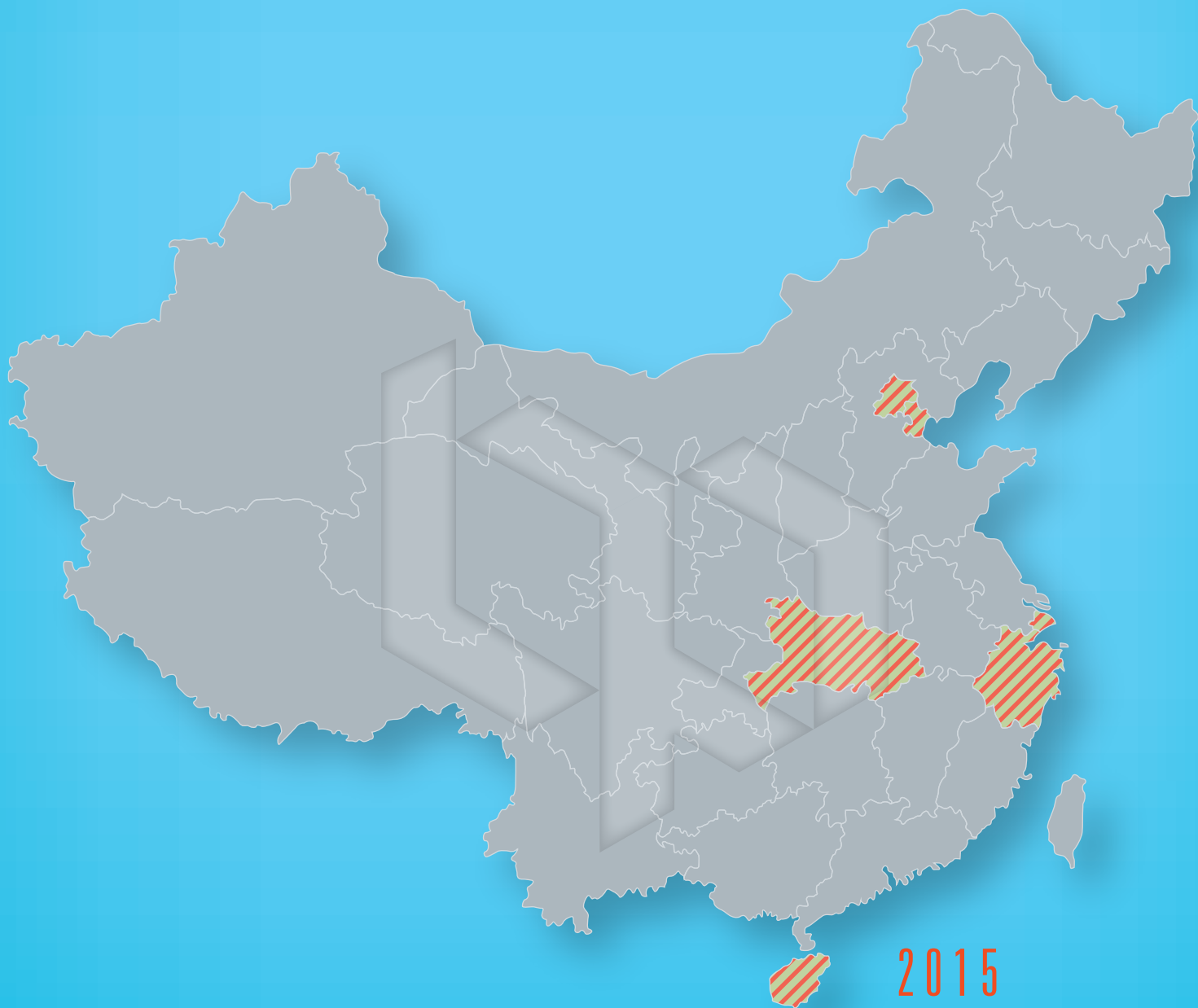


北京建設 BPHL

BEIJING PROPERTIES (HOLDINGS) LTD

(incorporated in Bermuda with limited liability)

Stock Code: 925



2015

INTERIM

REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. YU Li (*Vice Chairman*)
Mr. QIAN Xu (*Chief Executive Officer*)
Mr. SIU Kin Wai (*Chief Financial Officer*)
Mr. JIANG Xinhao
Mr. YU Luning
Mr. LIU Xueheng
Mr. ANG Renyi

Independent Non-Executive Directors

Mr. GOH Gen Cheung
Mr. ZHU Wuxiang
Mr. James CHAN
Mr. SONG Lishui
Mr. CHAN Yuk Cheung

AUDIT COMMITTEE

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

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. LIU Xueheng (*Chairman*)
Mr. QIAN Xu
Mr. JIANG Xinhao
Mr. SIU Kin Wai
Mr. YU Luning
Mr. ZHU Wuxiang
Mr. ANG Renyi

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. SIU Kin Wai

STOCK CODE

925

AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu
Mr. SIU Kin Wai

REGISTERED OFFICE

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Bermuda

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITORS

Ernst & Young

WEBSITE

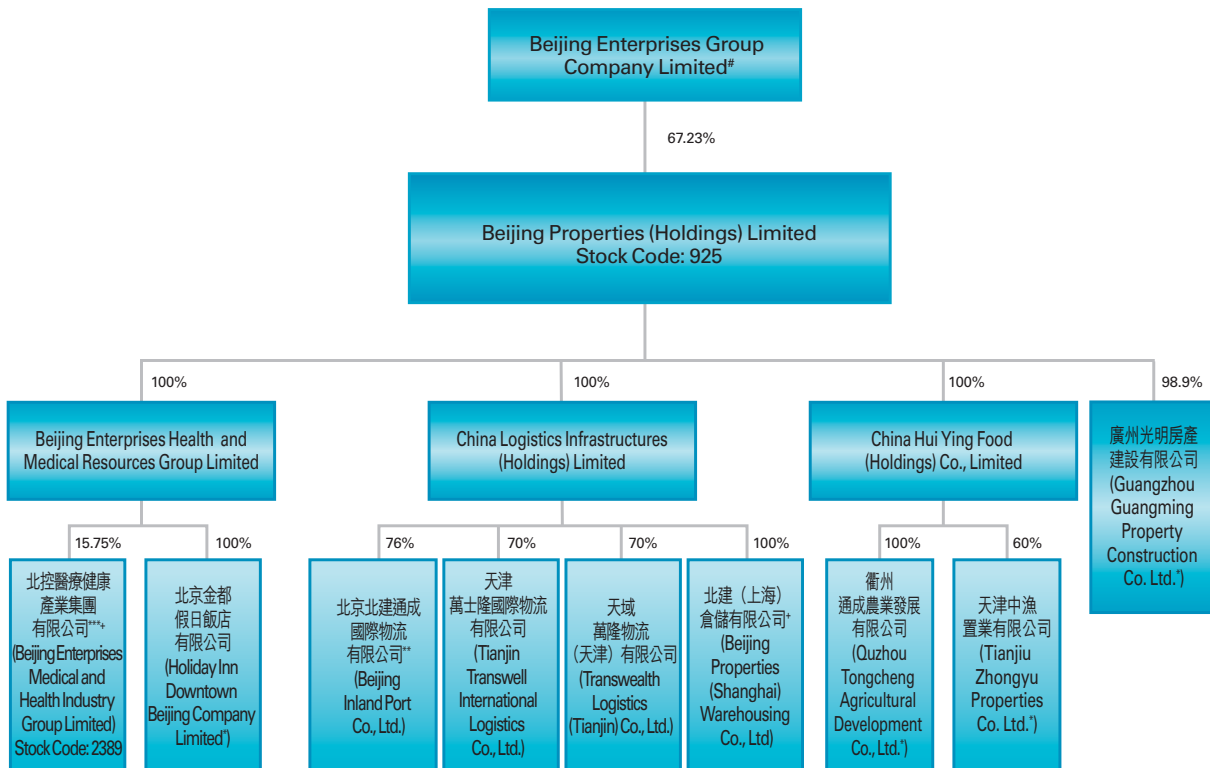
www.bphl.com.hk

PRINCIPAL BANKERS

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

GROUP STRUCTURE

As at 30 June 2015



Beijing Enterprises Group Company Limited indirect held 67.23% of the issued share capital of the Company through its wholly-owned subsidiaries

* for identification purpose only

** Joint Venture Company

+ 上海凡宜和倉儲有限公司 has been renamed to 北建(上海)倉儲有限公司 on 15 April 2015

* Genvon Group Limited has been renamed to Beijing Enterprises Medical And Health Industry Group Limited on 29 July 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 June 2015 (the “2015 Period”), the Group recorded a consolidated profit attributable to the shareholders of the Company of approximately HK\$192.90 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK\$92.32 million recorded for the six months ended 30 June 2014 (the “2014 Period”). The reason of the increase in consolidated profit attributable to the shareholders of the Company was mainly attributable to the gain on disposal of subsidiaries, gain on deemed disposal of a partial interest in an associate, and the continuous improvement in operation for the first-half of 2015.

The Group is principally engaged in logistics infrastructure business in China. Through continuous acquisitions and investments in previous years, our core businesses 1) e-commerce and bonded storage businesses and 2) cold-chain logistics are currently operated by two major operating platforms, namely China Logistics and Hui Ying Food, respectively:

1. China Logistics

China Logistics Infrastructures (Holdings) Limited (“China Logistics”) is our platform for logistics infrastructures specialised in e-commerce and bonded storage businesses, which is held as to 65% by the Company and as to 35% by MJQ Investment Limited (“MJQ”), a joint venture incorporated by the Mitsui & Co., Ltd. and the Mitsubishi Estate Co., Ltd., if MJQ converts the redeemable equity instrument to ordinary shares of China Logistics.

MANAGEMENT DISCUSSION AND ANALYSIS

China Logistics currently has planned rentable area of approximately 820,807 m², of which approximately 248,607 m² of rentable area are in operations. Details of which include:-

Name of Group company	Location of warehouses	Interest (%)	Planned rentable area (m ²)	Operating rentable area (m ²)	Occupancy rate as at 30 June		Major tenants
					(%)	(%)	
					2015	2014	
北京北建通成國際物流有限公司 ("BIPL*")	Majuqiao district in the North-East region of Beijing, next to the intersection of Jinghu Expressway and South 6th Ring Road of Beijing	76	549,200	-	-	-	InterLog, Best Express, DHL, China Railway Group, etc. (Note 1)
Beijing Properties (Shanghai) Warehousing Co., Ltd. ("Shanghai WQG")	Gaoqiao Town of Putong New District, North-East region of Pudong District	100	211,985	211,985	92.15	80.17	Nippon Express, Kintetsu Express, MOL Logistics, Mitex Logistics, DCH, etc.
Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics")	Site 19, Third Avenue, Tianjin Airport Economic Area (International Logistics Zone)	70	24,922	24,922	94.41	96.4	Kintetsu Express, Nippon Express, Kerry Logistics, COSCO
Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics")	Site F, Tianjin Airport International Logistics Zone	70	34,700	11,700	100	-	SF Express (Note 2)
Total			<u>820,807</u>	<u>248,607</u>			

* Joint venture of the Group.

Note 1: Those tenants of BIPL had signed binding letter of intent only.

Note 2: SF Express had leased the whole area of 11,700 m² of Phase I of Transwealth Logistics for their self use and had entered into a letter of intent for leasing the entire area of 22,000 m² of Phase II upon its completion.

- (a) The Majuqiao Logistics Park is the largest project to be invested in, developed and operated by BIPL as well as the Group, which, upon completion, will be the largest integrated logistics facilities in North China. The whole project will be completed by three phases. The land for phase I of the project is expected to be obtained before 30 October 2015, which, upon completion, will contain gross floor area of approximately 356,200 m² and construction is expected to be completed in twelve months after commencement of construction. Currently approximately 93.23% of the gross floor area has been rented out to potential tenants with an average proposed pre-business-tax rent of approximately RMB1.15 per m² per day. Construction of the whole three phases is expected to be completed in approximately eighteen months after the construction of Phase I started, subject to the progress of availability of the lands used for Phase II and Phase III.

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) Shanghai WGQ project consists of 23 units of warehouses. The occupancy rate for the rentable area was approximately 92.15% as at 30 June 2015, with an average pre-business-tax rent of approximately RMB1.48 per m² per day (which ranged from RMB1.3 to RMB2.2 per m² per day). It is expected that the occupancy rate of this project can be maintained at the same level in 2015 and 2016. However, competition is becoming keen given a new warehouse with similar size will be launched by Global Logistics Properties Ltd, the largest player of the industry in China, in the second half of 2015.
- (c) The warehouse of WSL Logistics is still the sole bonded warehouse of the Tianjin Binhai International Airport. Such monopoly status had ensured high occupancy rate and stable income. The occupancy rate for the rentable area was 94.41% as at 30 June 2015, with an average pre-business-tax rent of approximately RMB1.65 per m² per day (which ranged from RMB0.9 to RMB2 per m² per day).
- (d) Phase I of the warehouse of Transwealth Logistics had been handed over to SF Express since middle of September 2014. SF Express is the sole tenant of the warehouse fully occupies the whole 11,700 m² of Phase I with an average pre-business-tax rent of approximately RMB0.86 per m² per day. On 23 April 2015, the Group received a letter of intent from SF Express, pursuant to which, SF Express agreed to further lease the whole area of approximately 22,000m² of Phase II of the warehouses and the respective tenancy deposit was received, with the intended pre-business tax rent of approximately RMB1.08 per m² per day.
- (e) During the 2015 Period, the Group disposed its entire interest in Beijing Inland Port International Logistics Co., Ltd (“Lugang”) following the disposal of Zhijian Limited which was an intermediate holding company of Lugang.

Apart from the above, other new investments committed during the first-half of 2015 included:

- (a) On 15 June 2015, the Group entered into an agreement with Beijing Jangho Yuen (Holdings) Limited (“Beijing Jangho Yuen”) in relation to the acquisition of a parcel of land located in Wuhan, Hubei and the construction of warehouse facilities of approximately 115,300 m² at a consideration of RMB311,940,000. Wuhan, which, according to the state planning, will be developed into an international logistics hub of Central China. As an investor, developer and operator of nationwide network of logistics facilities who strive to develop ourselves to be one of the leaders of the industry in China, the investment is a key opportunity for our penetration into the Central China, after we have successfully set up networks of logistics facilities in the other first tier cities like Beijing and Shanghai. The investment will enrich our strategic locations of our network under development. Given the continuous growth of economy in Central China, we believe such investment will bring satisfactory revenue, profit and cash flow to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) On 24 June 2015, BIPL entered into the joint venture agreement pursuant which a new joint venture company will be established to invest in the Tianjingang Project. The Tianjingang Project will occupy a total land area of approximately 394,000 m² and will be developed in two phases. Phase I is located in the Tianjin Free Trade Pilot Zone, and will occupy a land area of approximately 176,000 m². The land will be developed into a complex including general warehouse facilities of approximately 20,000 m², bonded cold storage warehouse facilities of approximately 14,000 m², custom bonded warehouse of approximately 9,700 m², office of approximately 8,000 m² and container depot of approximately 4,600 m². Phase II is located outside the Tianjin Free Trade Zone and is connected to the land of Phase I, and will occupy a land area of approximately 218,000 m². The land of Phase I of the project will be acquired first while the acquisition of the land of Phase II will be decided by the new joint venture company.

2. *Hui Ying Food*

In line with the another key focus of the Group which is to build up the nationwide cold storage facilities. China Hui Ying Food (Holdings) Co., Limited (“Hui Ying Food”) is our platform for logistics infrastructures specialised in cold chain logistics for foods.

Hui Ying Food is an investment holding company incorporated in BVI. It is a direct wholly owned subsidiary of the Company and is the immediate holding company of the subsidiaries developing our cold chain business. Following an internal restructuring of Hui Ying Food in June 2015, three new subsidiaries of Hui Ying Food were incorporated in BVI to achieve specialisation of the Group’s cold chain business. They are:

- (a) China Hui Ying Food Agribusiness (Holdings) Co., Limited – this is the investment holding platform specialised in the investment in, development and operation of trading markets and storage facilities of agriculture products and owns 衢州通成農業發展有限公司 (Quzhou Tongcheng Agricultural Development Co., Ltd.). It is considered as the investment arm in upstream assets of our cold chain business;
- (b) China Hui Ying Food Cold Chain (Holdings) Co., Limited – this is the investment holding platform specialised in the investment in, development and operation of our nation wide cold warehouses facilities. Following the completion of the internal restructuring as abovementioned, it currently owns 60% interest in the Tianjin Zhongyu Properties Co., Ltd.. It is considered as the investment arm of the core assets of our cold chain business; and
- (c) China Hui Ying Food Supply Chain (Holdings) Co., Limited – this is the investment holding platform specialised in the investment in, development and operation of cold-chain logistics business related to end users including the sales and transportation of safe and high quality frozen foods. Currently no project is invested but it is considered as the investment arm in downstream assets of our cold chain business.

Our cold chain business will capitalize on the need of food safety in the PRC. Since it covers the whole logistics chain from source to end users, it can achieve the best cost control and maximise the stable sales and rental income and cash flows to the Group in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Hui Ying Food currently has total rentable area of 92,600 m². Details of which include:-

Name of subsidiaries	Location of warehouses	Interest (%)	Type of facilities	Planned rentable area (m ²)	Operating rentable area (m ²)	Major tenant(s)
Tianjin Zhongyu Properties Co., Ltd ("Tianjin Zhongyu")	Tianjin Marine Economic Area	60	Cold-chain logistics platform for aquatic products including processing, storage and trading	66,497	–	Mr. Zhang Junqing
衢州通成農業發展有限公司 (Quzhou Tongcheng Agriculture Development Co., Ltd, "Quzhou Tongcheng") (Formerly known as 衢州通成國際物流有限公司 (Quzhou Tongcheng International Logistics Company))	No. 2012, Jiang Jia Shan, Kecheng District, Quzhou City, Zhejiang	100	Shops, distribution and trading centre for agricultural products	26,103	26,103	Quzhou Fruit and Vegetable Association, Quzhou Counsel of Dry Grocery
Total				92,600	26,103	

- (a) TJ Zhongyu will be developed into a platform for aquatic products. Phase I of 66,497 m² with storage capacity of approximately 100,000 tons, and is also the first 100,000 tons logistics park in Tianjin, is expected to commence business in December 2015. The construction works of it was completed and now government acceptance procedures is being processed. There is spare land of approximately 53,000 m² available for development of Phase II in future, subject to the business development of Phase I and the finalisation of plot ratio with the local government. Subject to the finalization of other commercial terms to be further negotiated, Mr. Zhang Junqing, an individual as well as a 20% minority shareholder of TJ Zhongyu, is willing to lease the whole Phase I at a pre-business-tax rent of RMB1.3 per m² per day and RMB0.7 per m² per day for cold storage warehouse and general warehouse respectively. The rent will be incremented by 4% per year since the 4th anniversary and then will be increased by 6% per year starting from the 11th anniversary. Mr. Zhang is the permanent honorable chairman of the China Aquatic Production Chamber of Commerce (中華全國工商業聯合會水產業商會) who is a key leader in the aquatic industry in China.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Quzhou Tongcheng runs a project in collaboration with the People's Government of the Quzhou City. It is a newly developed complex containing shops and trading centre for the migration of the old trading centre in the same city. The existing trading centre was granted the status of first class wholesaling centre for agricultural products, covering a surrounding market with an area of approximately 150 square miles and a population of approximately 30 million people and generate an annual turnover of approximately RMB5.2 billion. Currently Phase I with rentable area of 26,103 m² was fully leased out. Apart from the average rent of approximately RMB1 per m² per day, the new trading centre under Quzhou Tongcheng will also be entitled to a commission income of 1% of all transactions done in the premises. Phase I formally commenced operation on 18 August 2015. Quzhou Tongcheng is also planning the Phase II development, which will develop a total rentable area of approximately 144,276 m², including shops of approximately 87,401 m², cold storage warehouse of approximately 20,040 m², general warehouse of approximately 23,974 m², logistics distribution area of approximately 2,139 m² and a hotel of approximately 10,722 m². However, they are subject to the final approval of the local government.

3. Apart from the abovementioned two platforms, the Group's other operating assets include the followings:

(a) Guangzhou Guangming Real Estates Co. Ltd. ("Guangzhou Guangming") owns 99% interest in the Metro Mall. The Mall is situated at the Beijing Road shopping district, Yuexiu District of the Guangzhou City of China. The Metro Mall has a gross floor area of approximately 62,000 m², and is a 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. Since the successful introduction of the International All Stars Cinema and the Mopark Department Store in 2012, the revenue of the mall has been improving. It is expected that, due to the long term tenancy period and profit-sharing mechanism signed with the tenants, the revenue will be increased by not less than 10% annually in the coming four to five years. Currently the occupancy rate is maintained at approximately 90.65%.

(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 traveller in Beijing. It is located in the business district of Financial Street, Xicheng District of Beijing and due to its convenience to transportation, the average room occupancy rate was approximately 77.96% for the 2015 Period. The hotel is a cash generating asset which can sustain its own operation and distribute stable dividend to the Company when needed.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Our Group also has other value investments include:

- (a) Beijing Enterprises Medical and Health Industry Group Limited (“BJ M&H”, SEHK stock code: 2389, formerly holding known as Genvon Group Limited): The Group acquired 20.86% equity interest of BJ M&H in 2014, and became its single largest shareholder. Upon its completion of placing of new shares on 27 May 2015, the Group remains its single largest shareholder with 15.75% equity interest. BJ M&H has completed a number of medically related acquisitions and officially changed its business activities to the development of medical care, health care and geriatric care related infrastructures. The Group believes that medical industry in China will have rapid development in the foreseeable future and the investment in BJ M&H is expected to bring prosperous return to the Group. The Group’s investment in BJ M&H is classified as interest in associate and equity method of accounting is adopted.
- (b) CAQ Holdings Limited (“CAQ” ASX: CAQ): By injection of the Haikou Peace Base Holdings Limited (“HPB”, which the Group has 40% equity interests) 83,000,000 new shares of CAQ was exchanged by the Group which represents approximately 12.67% equity interest in CAQ. HPB will operate a complex of exhibition centre, plants and warehouses with an aggregate rentable area of 87,000 m² for jewelry and high end products. It will also develop e-commerce jewelry business in China. Given that the sales of jewelry is surging in China, with an annual growth rate of over 40%, the Group believes HPB will achieve remarkable results in the future, thus will benefit the Group and its shareholders as a whole.

Business Prospects

The logistics industry in China was booming in recent years due to the unexpectedly fast growth of online retail sales. However, given insufficient logistics infrastructure, the logistics cost in China remains very high, which is higher than South Korea, Japan, various European and American countries and even developing countries such as Brazil and India. The high logistics cost does not only affect the overall retail market but also the economic development of the country. Therefore, the Chinese government has repeatedly emphasised on the importance of logistics industry to the country. Apart from “Medium- and Long-term Plan for Development of the Logistics Industry (2014-2020)” (《物流業發展中長期規劃(2014-2020年)》) announced in 2014, which stated the goal to develop an appropriate, technologically advanced, convenient and efficient, green and environmentally friendly, safe and orderly modern logistics service system by 2020, the State Council also published “Decision Regarding the Further Development of E-commerce and the Nurturing of a New Economic Force” (《關於大力發展電子商務加快培育經濟新動力的意見》) in May 2015, advocating the development of e-commerce by traditional commerce enterprises, and supporting logistics development as well as smart logistics facilities. In the same month, the Ministry of Commerce introduced “Action Plan for Internet Plus Logistics” (《「互聯網+流通」行動計劃》) to accelerate the in-depth integration of internet and logistics industry. Benefiting from the great support from the Chinese government, the logistics industry in China has entered into a rapid development stage, especially for the development of logistics infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

Food safety is another issue that draws high attention in China. Along with the economic development and increasing income per-capita, people have become more concerned about food safety and quality. As an important part of maintaining food quality, cold chain facilities are facing increasing demand and more stringent requirements. However, cold chain facilities in China are still in short of supply and of poor quality. The existing facilities in China are mostly outdated, characterised by high energy-consuming and low capacity, resulted in the wastage of million tons of perishable foods annually in China. To seize the huge market opportunity arisen from the serious shortage of cold chain facilities, the Group targets to develop the cold chain for food safety from sources to products, which includes sourcing, production, processing, packaging, storing, transporting and sales of safe aquatic agricultural and livestock foods in China. The core step of the Group is to build up a nationwide network of modernised cold storage facilities to provide stable cash flow and income at the beginning, and then connecting the network to other value-added services such as food processing (central kitchen), cold chain transportation, etc. Given the strong demand for modernised cold chain logistics, the market generally believes in the attractive returns brought by the investment in cold storage. As there are no outstanding leaders in cold chain facilities in China, the Group has confidence in getting a key position in the market.

The Group's core businesses are currently concentrated in the key regions of logistics industry in China, such as Tianjing, Beijing and Shanghai. Benefiting from "Beijing-Tianjin-Hebei Coordinated Development Plan" (《京津冀協同發展規劃綱要》), which stressed on the transportation integration of Beijing, Tianjing and Hebei, the Group's existing logistics facilities are expected to enjoy bigger geographical and transportation advantage. The Group is determined to continuously expanding its network of facilities nationwide, and has already targeted and strategically planned to capture the development in different regions, especially Central China. The Group has recently acquired a piece of land and will construct warehousing facilities in Wuhan, which will be developed into another international logistics hub under the Chinese government support. In the meantime, the Group will continue to enhance the quality of its logistics facilities as well as upgrading its services and safety level.

As a state-owned enterprise with years of operation experience, the Group maintains its core competitiveness. Firstly, the Group enjoys superior advantages in accessibility to land. Currently local and district governments are reluctant to provide land for logistics development due to low tax and employment contributions to the district and due to so many cases happened previously that land function was changed illegally after land was acquired at lower cost by name of logistics development. Currently it is not easy for private enterprises to obtain land in prime location unless they are willing to pay high tax and demonstrate investment commitments. Benefiting from its state-owned background and high credibility, the Group is able to overcome such difficulties. Secondly, given the strong background of the parent company, the Group can obtain low-cost funding for development easily. The current average funding cost for the Group is approximately 4.3%, which is relatively low when compared to 8% to 10% funding cost for other private enterprises. Most importantly, through years of operations, the Group has established a stable client base including many sizeable enterprises in various industries like Kerry Logistics, MOL Logistics, Nippon Express, Sinotrans, SF Express, etc. The stable relationships with clients have become an valuable resources and provide potential tenancy for new projects.

The Group believes that the above strengths will continue to lead the way to our success. As the investor, developer and operator of nationwide logistics facilities, the Group has set out long term development target: three million m² of rentable area for general warehouses and one million tones storage capacity for cold warehouses in the coming four years and become one of the top three players in the logistics industry in China.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of business tax) for the 2015 Period amounted to approximately HK\$147.29 million, representing an increase of approximately HK\$81.39 million or 123.51%, from approximately HK\$65.9 million for the 2014 Period. The gross profit for the 2015 Period amounted to approximately HK\$113.73 million, representing an increase of approximately HK\$52.05 million, or 84.39% from approximately HK\$61.68 million for the 2014 Period. The increase in revenue was primarily due to the completion of acquisition of BJ Holiday Inn and reclassification of Guangzhou Guangming from a joint venture to a subsidiary in the second half of 2014 which caused revenues of which were consolidated during the 2015 Period.

The revenue contributions of our assets include:

Name of assets	2015 Period		2014 Period		Change	
	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %
Shanghai Phoenix WGQ	58,516	96.86	52,349	96.93	6,167	-0.07
WSL Logistics	8,354	93.77	8,500	87.72	-146	6.05
Transwealth Logistics	2,188	96.20	-	-	2,188	N/A
Lugang	3,540	67.68	5,047	69.06	-1,507	-1.38
Metro Mall	26,333	94.02	-	-	26,333	N/A
Holiday Inn BJ	48,359	44.45	-	-	48,359	N/A
The Group	147,290	77.21	65,896	93.60	81,394	-16.39

Shanghai WGQ

The revenue (net of business tax) contribution of Shanghai Phoenix WGQ for the 2015 Period amounted to approximately HK\$58.52 million, representing an increase of approximately HK\$6.17 million or 11.79% from approximately HK\$52.35 million for the 2014 Period. The increase was primarily attributable to increase in occupancy rate for the rentable area of it. The gross profit margin was slightly decreased from approximately 96.93% for the 2014 Period to approximately 96.86% for the 2015 Period due to additional direct expenses such as commissions.

WSL Logistics

The revenue (net of business tax) contribution of WSL Logistics for the 2015 Period amounted to approximately HK\$8.35 million, representing a decrease of approximately HK\$146,000 or 1.76% from approximately HK\$8.5 million for the 2014 Period. The decrease was primarily attributable to the decrease in occupancy rate. The occupancy rate for the rentable area of WSL Logistics was approximately 94.41% as at 30 June 2015, which represented a slight decrease of approximately 1.99 percentage points from approximately 96.4% as at 30 June 2014. However, the gross profit margin was increased from approximately 87.72% of the 2014 Period to approximately 93.77% for the 2015 Period due to better cost control exercised.

MANAGEMENT DISCUSSION AND ANALYSIS

Transwealth Logistics

The entire 11,700 m² of Phase I of Transwealth Logistics had been handed over to SF Express since the middle of September 2014. During the 2015 Period, the revenue (net of business tax) contribution of Phase I of Transwealth Logistics amounted to approximately HK\$2.19 million, it is fully occupied and the gross margin was approximately 96.2%.

Metro Mall

Since 31 July 2014, the Group obtained control over Guangzhou Guangming, the owner of the Metro Mall, and which had been reclassified from a joint venture to a subsidiary of the Group. After the reclassification, the revenue (net of business tax) contribution amounted to approximately HK\$26.33 million for the 2015 Period. The gross profit margin of it was approximately 94.02% and the occupancy rate for the rentable area was approximately 90.65% as at 30 June 2015.

Holiday Inn BJ

The acquisition of the Holiday Inn BJ was completed on 7 August 2014. The revenue (net of business tax) mainly represented accommodation revenue, food and beverage sales and rendering of ancillary services. Accommodation revenue was mainly determined by the number of rooms available, average room occupancy rate and average charging rates of the rooms. The revenue (net of business tax) contribution of hotel operation for the 2015 Period amounted to approximately HK\$48.36 million, the gross profit margin was 44.45%, the average room occupancy rate was approximately 77.96%, and the average room charging rate was approximately RMB550.45 per day. Accommodation revenue for the 2015 Period amounted to approximately HK\$32.36 million and the gross profit margin of accommodation revenue was approximately 48.04%. Food and beverage sales comprised of catering for banquet, coffee shop, room catering services for guests and other sales in restaurants and bars in the hotel. The sales revenue of food and beverage for the 2015 Period amounted to approximately HK\$9.92 million and the gross profit margin was approximately 14.10%. Revenue from rendering of ancillary services mainly represented income generated from gift shops, business centre, transportation, laundry and additional service charges on revenue of accommodation service, food and beverage sales and other services. The revenue from rendering of ancillary services for the 2015 Period amounted to approximately HK\$6.08 million and the gross profit margin of rendering of ancillary services was approximately 74.84%.

Other income and gains, net

During the 2015 Period, the net other income and gains were approximately HK\$26.86 million, which represents an increase of approximately HK\$10.96 million, or 68.93%, from approximately HK\$15.9 million for the 2014 Period. The increase was mainly attributable to the combined net effect of: (i) increase of approximately HK\$4.5 million in interest income as a result of increase in cash balances; and (ii) foreign exchange differences turned from a loss of approximately HK\$15.09 million for the 2014 Period which was recognised as "other expenses" to a gain of approximately HK\$3.13 million for the 2015 Period which was recognised as "other income and gains".

MANAGEMENT DISCUSSION AND ANALYSIS

Gain on disposal of subsidiaries

On 17 April 2015, the Group completed a disposal of entire interest in Rayport Limited (“Rayport”) which indirect holds 40% equity interest in HPB to CAQ. CAQ issued 83,000,000 new shares as a consideration to acquire the entire interest in Rayport. After the completion, the Group holds 12.67% equity interest in CAQ, and recorded a gain on disposal of entire interest in Rayport of HK\$57.61 million.

On 29 May 2015, the Group completed a disposal of entire interest in Zhijian Limited (“Zhijian”) which indirect holds 82.24% equity interest in Lugang to BJ M&H. The cash consideration of HK\$408 million was received by the Group during the 2015 Period, and the Group recorded a gain on disposal of entire interest in Zhijian of HK\$144.63 million.

Gain on deemed disposal of a partial interest in an associate

The Group recorded a gain on deemed disposal of a partial interest in BJ M&H of HK\$33.96 million during the 2015 Period following the dilution of interests held by the Group as a result of a BJ M&H’s placement done in March and May 2015.

Selling expenses

During the 2015 Period, the selling expenses were approximately HK\$4.93 million, which was mainly attributable to the selling expenses of hotel business.

Administrative expenses

During the 2015 Period, the administrative expenses were approximately HK\$97.88 million, which represents an increase of approximately HK\$11.76 million, or 13.66%, from approximately HK\$86.12 million of the 2014 Period. The increase in administrative expenses was mainly attributable to the combined net effect of: (i) the decrease in the equity-settled share option expenses of approximately HK\$24.88 million (2015 Period: approximately HK\$20.24 million; 2014 Period: approximately HK\$45.12 million) for share options granted; (ii) the new consolidation of administrative expenses of Holiday Inn BJ and Metro Mall for the 2015 Period, which amounted to approximately HK\$18.67 million and HK\$7.27 million respectively; and (iii) the preparation costs of approximately HK\$10.7 million incurred for the Majuqiao Logistics Park and other projects launched during the 2015 Period.

Other expenses

During the 2015 Period, the other expenses were approximately HK\$4.59 million, which represented a decrease of approximately HK\$23.43 million, or 83.62%, from approximately HK\$28.02 million for the 2014 Period. The decrease in other expenses was mainly attributable to the combined net effect of: (i) foreign exchange differences turned from a loss of approximately HK\$15.09 million for the 2014 Period which was recognised in “other expenses” to a gain of approximately HK\$3.13 million for the 2015 Period which was recognised in “other income and gains”; and (ii) equity-settled share expenses for consultancy service of HK\$11.9 million were incurred for the 2014 Period but no such expenses were incurred for the 2015 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

During the 2015 Period, the finance cost was approximately HK\$85 million, representing an increase of approximately HK\$29.46 million, or 53.04%, from approximately HK\$55.54 million for the 2014 Period. The finance costs mainly included: (i) imputed interest and coupon interest on PAG Convertible Bonds of approximately HK\$19.92 million and approximately HK\$12.34 million respectively (2014 Period: approximately HK\$13.06 million and HK\$9.4 million respectively); and (ii) interest on bank and other loans of approximately HK\$52.74 million, which was increased by approximately HK\$19.69 million, or 59.58%, from approximately HK\$33.05 million for the 2014 Period, and the increase was in line with the increase in bank and other borrowings from approximately HK\$1.51 billion as at 30 June 2014 to approximately HK\$2.57 billion as at 30 June 2015.

Share of profits of joint ventures

During the 2015 Period, the share of profit of a joint venture of HK\$0.91 million was contributed solely by BIPL. The increase in share of profits of joint ventures of approximately HK\$2.32 million from the loss of approximately HK\$1.41 million for the 2014 Period was mainly due to the increase in interest income on bank deposits of BIPL.

Share of profit of an associate

During the 2015 Period, the share of profit of BJ M&H was approximately HK\$6.9 million, representing an increase of approximately HK\$7.61 million from the loss of approximately HK\$0.71 million during the 2014 Period.

Total assets

The total assets of the Group as at 30 June 2015 were approximately HK\$9,912.01 million, representing an increase of approximately HK\$356.68 million, or 3.73%, from approximately HK\$9,555.33 million as at 31 December 2014. The increase was mainly attributable to the consideration of HK\$408 million received from the disposal of Zhijian.

Total liabilities

The total liabilities of the Group as at 30 June 2015 were approximately HK\$5,443.43 million, representing an increase of approximately HK\$200.1 million, or 3.82%, from approximately HK\$5,243.37 million as at 31 December 2014. The increase was mainly attributable to the net additional borrowings of approximately HK\$267.49 million during the 2015 Period.

Total equity

The total equity attributable to shareholders of the Company as at 30 June 2015 was HK\$4,337.23 million, representing an increase of approximately HK\$175.39 million, or 4.21%, from approximately HK\$4,161.84 million as at 31 December 2014. The increase mainly attributable to the profit for the 2015 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 June 2015, for accounting purposes, the Group had total borrowings of approximately HK\$3,621.52 million (31 December 2014: approximately HK\$3,333.91 million) which included: (i) approximately HK\$2,571.89 million from bank and other borrowings; (ii) approximately HK\$411.03 million from PAG Convertible Bonds; and (iii) approximately HK\$638.6 million from redeemable equity instrument. The Group's gearing ratio, which was defined as sum of bank and other borrowing, convertible bonds and redeemable equity instrument, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 32.32% (31 December 2014: approximately 48.52%). The decrease in the gearing ratio as at 30 June 2015 was primarily attributable to the increase in cash balance.

As at 30 June 2015, the Group's bank and other borrowing balance amounted to approximately HK\$2,571.89 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 33.57%, 57.55% and 8.88%, respectively. Over 60.95% of these bank and other borrowings was repayable less than one year. As at 30 June 2015, the Group's cash and bank balances amounted to approximately HK\$2,177.28 million, which was denominated in USD, HK\$ and RMB as to 6.86%, 25.52% and 67.62%, respectively.

All of the bank and other borrowings bear interest at floating rates and the PAG Convertible Bonds bears coupon rate of 4% per annum. The cash and bank balances, together with the unutilised banking facilities, are able to finance the Group's businesses at the moment.

As at 30 June 2015, the Group's current ratio and quick ratio were approximately 86.25% and approximately 86.22% (31 December 2014: the Group's current ratio and quick ratio were approximately 73.82% and approximately 73.76%) respectively. As at 30 June 2015, all the financial covenants stipulated in the loan facility agreements and subscription agreement of the PAG Convertible Bonds have been complied.

The net total borrowings of the Group as at 30 June 2015 (total borrowings less cash and cash equivalents and restricted cash) was HK\$1,444.24 million (31 December 2014: HK\$2,092.15 million), representing an decrease of HK\$647.91 million as compared to the previous year.

Contingent liabilities

As at 30 June 2015, the Group had guarantees of approximately HK\$39 million given in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by a subsidiary of the Group in prior years (31 December 2014: HK\$42 million).

Capital expenditures

During the 2015 Period, the Group spent approximately HK\$279.48 million (2014 Period: approximately HK\$105.12 million) as capital expenditures, which consists of property, plant and equipment and investment properties, including assets acquired through acquisitions of subsidiary.

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 Hong Kong dollars, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange exposure

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB or USD. The Group has not been derivative financial instruments to hedge its foreign currency risk.

Charges on assets

As at 30 June 2015, the Group had bank loans with principal amounts of approximately HK\$2,178.85 million being secured by certain investment properties, cash and bank balances, trade receivables, deposits paid for the acquisition of a business and an office premise and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had a total of 601 (six months ended 30 June 2014: 162) employees. The increase was mainly due to the consolidation of the commercial properties business. Total staff cost incurred during the 2015 Period amounted to approximately HK\$53.51 million including equity-settled share option expenses of approximately HK\$20.24 million (six months ended 30 June 2014: approximately HK\$60.63 million including equity-settled share option expenses of approximately HK\$45.12 million) (including staff cost, 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.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the 2015 Period, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

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
Yu Li
Vice-Chairman

Hong Kong, 28 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	4	147,290	65,896
Cost of sales and services		<u>(33,563)</u>	<u>(4,214)</u>
Gross profit		113,727	61,682
Other income and gains, net	4	26,860	15,896
Fair value gain on investment properties, net		4,552	–
Gain on disposal of subsidiaries		202,241	–
Gain on deemed disposal of a partial interest in an associate		33,957	–
Selling expenses		(4,926)	(10)
Administrative expenses		(97,875)	(86,123)
Other expenses		(4,587)	(28,023)
Finance costs	5	(85,001)	(55,544)
Share of profits and losses of:			
Joint ventures		905	(1,405)
Associates		<u>6,899</u>	<u>(710)</u>
PROFIT/(LOSS) BEFORE TAX	6	196,752	(94,237)
Income tax	7	<u>(4,582)</u>	<u>(495)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>192,170</u>	<u>(94,732)</u>
Attributable to:			
Shareholders of the Company		192,898	(92,321)
Non-controlling interests		<u>(728)</u>	<u>(2,411)</u>
		<u>192,170</u>	<u>(94,732)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic	9	<u>HK2.86 cents</u>	<u>HK(1.42) cents</u>
Diluted		<u>HK2.80 cents</u>	<u>HK(1.42) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	192,170	(94,732)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of available-for-sale equity investment, net of income tax of nil	(37,718)	–
Exchange differences on translation of foreign operations	2,851	(77,049)
Share of other comprehensive income/(loss) of:		
Joint ventures	(2,161)	(22,868)
Associates	(9,231)	165
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL	(46,259)	(99,752)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	145,911	(194,484)
Attributable to:		
Shareholders of the Company	146,366	(189,959)
Non-controlling interests	(455)	(4,525)
	145,911	(194,484)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,005,311	887,181
Investment properties	10	5,020,228	5,209,917
Prepaid land lease payments		20,861	250,112
Goodwill		62,769	212,650
Investment in a joint venture		547,446	451,072
Investment in an associate		482,698	478,365
Available-for-sale equity investments		96,983	3,541
Deposit paid for an investment in a joint venture		–	138,601
Deposit paid for an acquisition of a building		–	135,642
Prepayments, deposits and other receivables		7,557	53,321
		<hr/>	<hr/>
Total non-current assets		7,243,853	7,820,402
CURRENT ASSETS			
Properties held for sale		101,509	101,471
Inventories		1,096	1,253
Trade receivables	11	20,559	13,085
Prepayments, deposits and other receivables		202,921	80,806
Due from a joint venture		125,556	295,537
Due from an associate		38,190	–
Due from related parties		1,054	1,023
Restricted cash		820,359	927,154
Cash and cash equivalents		1,356,917	314,602
		<hr/>	<hr/>
Total current assets		2,668,161	1,734,931
CURRENT LIABILITIES			
Trade payables	12	87,420	73,115
Other payables and accruals		283,898	257,121
Due to a joint venture		–	4,163
Due to related parties		129	11,340
Bank and other borrowings		1,567,540	844,985
Redeemable equity instrument		638,597	638,287
Income tax payables		5,249	8,226
Provisions for compensation and litigations		510,671	513,096
		<hr/>	<hr/>
Total current liabilities		3,093,504	2,350,333
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(425,343)	(615,402)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,818,510	7,205,000
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Due to related companies		238,194	238,095
Bank borrowings		1,004,350	1,459,417
Convertible bonds	13	411,029	391,219
Defined benefit plans		15,096	15,089
Deferred tax liabilities		681,253	789,212
		<hr/>	<hr/>
Total non-current liabilities		2,349,922	2,893,032
		<hr/>	<hr/>
Net assets		4,468,588	4,311,968
		<hr/>	<hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	14	676,659	675,059
Reserves		3,660,573	3,486,778
		<hr/>	<hr/>
		4,337,232	4,161,837
Non-controlling interests		131,356	150,131
		<hr/>	<hr/>
Total equity		4,468,588	4,311,968
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

Notes	Attributable to shareholders of the Company													Total equity (unaudited) HK\$'000
	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	Available-for-sale investment revaluation reserve (unaudited) HK\$'000	Convertible bonds equity reserve (unaudited) HK\$'000	Exchange fluctuation reserve (unaudited) HK\$'000	PRC statutory reserves (unaudited) HK\$'000	Deferred benefit plan reserve (unaudited) HK\$'000	Retained profits/ (accumulated losses) (unaudited) HK\$'000	Total (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	
At 1 January 2015	675,059	1,694,873	367,278	178,184	5,336	-	247,321	33,342	3,004	(1,737)	959,177	4,161,837	150,131	4,311,968
Profit for the period	-	-	-	-	-	-	-	-	-	-	192,898	192,898	(728)	192,170
Other comprehensive income/(loss) for the period														
Exchange differences														
- Translation of foreign operations	-	-	-	-	-	-	-	2,579	-	-	-	2,579	273	2,852
- Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	-	(2,161)	-	-	-	(2,161)	-	(2,161)
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	(9,231)	-	-	-	(9,231)	-	(9,231)
Available-for-sale Investment	-	-	-	-	-	(37,718)	-	-	-	-	-	(37,718)	-	(37,718)
Total comprehensive loss for the period	-	-	-	-	-	(37,718)	-	(8,813)	-	-	192,898	146,367	(455)	145,912
Issue of shares upon conversion of shares option	14 1,600	10,229	-	(4,010)	-	-	-	-	-	-	-	7,819	-	7,819
Disposal of subsidiaries	15 -	-	-	-	-	-	-	1,252	-	-	-	1,252	(18,320)	(17,068)
Deemed disposal of partial interest in an associate	-	-	-	-	-	-	-	(285)	-	-	-	(285)	-	(285)
Equity-settled share option arrangements	-	-	-	20,242	-	-	-	-	-	-	-	20,242	-	20,242
At 30 June 2015	676,659	1,705,102*	367,278*	194,416*	5,336*	(37,718)*	247,321*	25,496*	3,004*	(1,737)*	1,152,075*	4,337,232	131,356	4,468,588
At 1 January 2014	624,312	1,400,021	367,278	115,318	5	-	258	127,788	2,705	-	792,514	3,430,199	67,233	3,497,432
Loss for the period	-	-	-	-	-	-	-	-	-	-	(92,321)	(92,321)	(2,411)	(94,732)
Other comprehensive income/(loss) for the period														
Exchange differences														
- Translation of foreign operations	-	-	-	-	-	-	-	(74,935)	-	-	-	(74,935)	(2,114)	(77,049)
- Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	-	(22,868)	-	-	-	(22,868)	-	(22,868)
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	165	-	-	-	165	-	165
Total comprehensive loss for the period	-	-	-	-	-	-	-	(97,638)	-	-	(92,321)	(189,959)	(4,525)	(194,484)
Issue of shares upon conversion of shares option	1,770	10,379	-	(3,906)	-	-	-	-	-	-	-	8,243	-	8,243
Issue of shares upon conversion of convertible bonds	200	1,204	-	-	-	-	(172)	-	-	-	-	1,232	-	1,232
Acquisition of receivables	48,717	283,007	-	-	-	-	-	-	-	-	-	331,724	-	331,724
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	56,214	56,214
Equity-settled share option arrangements	-	-	-	56,815	-	-	-	-	-	-	-	56,815	-	56,815
Issue of convertible bonds	-	-	-	-	-	-	247,321	-	-	-	-	247,321	-	247,321
Transfer of equity component of convertible bonds upon early redemption of convertible bonds	-	-	-	-	-	-	(86)	-	-	-	86	-	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	(1,197)	-	1,197	-	-	-
At 30 June 2014	674,999	1,694,611*	367,278*	168,227*	5*	-	247,321*	30,150*	1,508*	-	701,476*	3,885,575	118,922	4,004,497

* These reserve accounts comprise the consolidated reserves of HK\$3,660,573,000 (unaudited) (31 December 2014: HK\$3,486,778,000) in the condensed consolidated statement of financial position as at 30 June 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash inflow/(outflow) from operating activities	(5,591)	27,339
Cash flows from investing activities		
Interest received	38,456	17,331
Purchases of items of property, plant and equipment	(10,931)	–
Acquisition of investment properties	(144,053)	(39,656)
Investment in a joint venture	(94,977)	–
Deposits paid for the acquisition of a business	–	(372,541)
Deposit paid for the acquisition of an office	–	(98,919)
Net repayment from a joint venture, an associate and an available-for-sale investment	550,983	–
Disposal of subsidiaries	376,475	–
Other investing activities	–	(1,186)
Net cash flows from/(used in) investing activities	715,953	(494,971)
Cash flows from financing activities		
Issue of convertible bonds	–	616,286
New bank loans	424,911	448,130
Repayment of loans	(147,153)	–
Redemption of convertible notes	–	(650)
Exercise of share options	7,819	–
Interest paid	(47,024)	(32,575)
Loan arrangement fees	(10,451)	–
Other financing activities	(1,990)	(58,082)
Net cash flows from financing activities	226,112	973,109
Net increase in cash and cash equivalents	936,474	505,477
Cash and cash equivalents at beginning of period	1,241,756	468,154
Effect of foreign exchange rate changes	(954)	(18,064)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,177,276	955,567
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	1,356,917	745,853
Add: Restricted cash	820,359	209,714
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	2,177,276	955,567

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 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 condensed financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014 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 POLICIES

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

Amendments to HKAS 19 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs
	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) the properties business segment engages in the development and leasing of commercial properties in Mainland China and provision of related management services, and operates a hotel in Beijing, the People's Republic of China (the "PRC"); and
- (b) the logistics business segment engages in the provision of logistics services, including leasing of warehouse facilities and provision of related management 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 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 bank and other interest income, finance costs, gain/loss on disposal of investments, foreign exchange differences and other unallocated gains, as well as head office and corporate expenses are excluded from such measurement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION (Continued)

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

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

	Properties business		Logistics business		Total	
	For the six months ended 30 June 2015 (Unaudited) HK\$'000	For the six months ended 30 June 2014 (Unaudited) HK\$'000	For the six months ended 30 June 2015 (Unaudited) HK\$'000	For the six months ended 30 June 2014 (Unaudited) HK\$'000	For the six months ended 30 June 2015 (Unaudited) HK\$'000	For the six months ended 30 June 2014 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	74,692	–	72,598	65,896	147,290	65,896
Fair value gain on investment properties, net	–	–	4,552	–	4,552	–
	74,692	–	77,150	65,896	151,842	65,896
Reconciliation:						
Bank interest income					12,154	4,518
Other interest income					8,226	11,357
Gain on disposal of subsidiaries					202,241	–
Gain on deemed disposal of a partial interest in an associate					33,957	–
Foreign exchange differences, net					3,125	–
Unallocated gains					3,355	21
Revenue, other income and gains, net					414,900	81,792
Segment results:						
The Group	4,784	(397)	37,533	39,941	42,317	39,544
Share of profits/(losses) of:						
Joint ventures	–	1,751	905	(3,156)	905	(1,405)
Associates	–	(710)	6,899	–	6,899	(710)
	4,784	644	45,337	36,785	50,121	37,429
Reconciliation:						
Bank interest income					12,154	4,518
Other interest income					8,226	11,357
Gain on disposal of subsidiaries					202,241	–
Gain on deemed disposal of a partial interest in an associate					33,957	–
Foreign exchange differences, net					3,125	–
Unallocated gains					3,355	21
Corporate and unallocated expenses					(31,426)	(92,018)
Finance costs					(85,001)	(55,544)
Profit/(loss) before tax					196,752	(94,237)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Total	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Segment assets	2,811,547	2,712,734	4,509,740	5,022,266	7,321,287	7,735,000
Reconciliation:						
Corporate and other unallocated assets					2,590,727	1,820,333
Total assets					9,912,014	9,555,333

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the non-current assets (other than financial assets) of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the interim condensed financial statements.

Information about major customers

During the six months ended 30 June 2015 and the six months ended 30 June 2014, no customer of the Group contributed over 10% of the Group's total revenue.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, mainly represents (1) the gross rental income received and receivable from investment properties, net of business tax and government surcharges; (2) the service fee from a hotel operation, net of valued-added tax, business tax and government surcharges; and (3) the management fee from the services rendered, net of valued-added tax, business 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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue		
Gross rental income	91,768	64,442
Service fees earned from a hotel operation	48,359	–
Management fee	7,163	1,454
	<u>147,290</u>	<u>65,896</u>
Other income and gain, net		
Bank interest income	12,154	4,518
Other interest income	8,226	11,357
Foreign exchange differences, net	3,125	–
Others	3,355	21
	<u>26,860</u>	<u>15,896</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interests on bank loans and other loans	52,739	33,053
Interest on convertible bonds	12,344	9,396
Imputed interest on convertible bonds (note 13)	19,918	13,056
Loss on early redemption of convertible bonds	—	39
	<u>85,001</u>	<u>55,544</u>

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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Direct cost of rental income	6,698	3,681
Cost of services provided	26,865	533
Depreciation*	15,575	1,093
Amortisation of prepaid land lease payments	2,736	3,607
Equity-settled share option expenses [#]	20,243	56,815
Foreign exchange differences, net	(3,125)	15,091
	<u>(3,125)</u>	<u>15,091</u>

* Depreciation of HK\$10,239,000 is included in "Cost of sales and services" on the face of the condensed consolidated statement of profit or loss.

[#] Equity-settled share option expenses amounting to HK\$20,243,000 are included in "Administrative expenses" (six months ended 30 June 2014: HK\$45,123,000 in "Administrative expenses" and HK\$11,692,000 in "Other expenses") on the face of the condensed consolidated statement of profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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.

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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Mainland China:		
Current	6,853	495
Deferred	(2,271)	–
	<u>4,582</u>	<u>495</u>

8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of any dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

9. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings/loss per share amount for the period is based on the unaudited profit for the period attributable to shareholders of the Company of HK\$192,898,000 (six months ended 30 June 2014: unaudited loss for the period attributable to shareholders of the Company of HK\$92,321,000) and the weighted average number of 6,755,647,783 (six months ended 30 June 2014: 6,479,136,425) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts for the period ended 30 June 2015 is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the exercise of all dilutive share options at the beginning of the period or at the date of grant, whichever is the later. No adjustment has been made on the deemed conversion of convertible bonds as the impact of the convertible bonds outstanding during the period has an anti-dilutive effect on the basic earnings per share amount presented. No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2014 as the impact of the share options and convertible bonds outstanding during that period had anti-dilutive effects on the basic loss per share amount presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. INVESTMENT PROPERTIES

Except for certain investment properties located in Tianjin and in Beijing, the PRC which, in the opinion of the directors of the Company, had material change in the fair value and were revalued during the six months ended 30 June 2015, the fair value of the remaining investment properties of the Group as at 30 June 2015 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2014 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 2015.

11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2015 and 31 December 2014 represented rental income receivable from tenants of the Group's investment properties and those arising from the Group's hotel operation. Overdue trade receivables were not impaired as they were fully collateralised by the security deposits paid by the relevant tenants.

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one month	14,262	11,362
One to three months	6,297	1,723
	20,559	13,085

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12. 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 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one month	6,882	24,347
One to two months	1,019	623
Two to three months	446	454
Over one year	79,073	47,691
	87,420	73,115

The trade payables aged over one year represented construction fee payable to certain construction contractors by a subsidiary. The trade payables are non-interest-bearing and are repayable within the normal operating cycle or on demand.

13. CONVERTIBLE BONDS

The Company had convertible bonds outstanding during the six months ended 30 June 2015, the summarised information of which is set out as follows:

	PAG Convertible Bonds
Issuance date	12 February 2014
Maturity date	11 February 2019
Redemption option of the convertible bonds holder	Any day after the third anniversary of the issuance date
Original principal amount	RMB490,510,000
Coupon rate	4%
Conversion price per ordinary share of the Company (HK\$)	0.74

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

13. CONVERTIBLE BONDS (Continued)

The convertible bonds were issued to PA Broad Opportunity VI Limited (the "PAG Convertible Bonds") pursuant to a subscription agreement dated 24 January 2014 for the purpose of enhancement working capital and strengthening capital base and financial position of the Group.

Details of the PAG Convertible Bonds are set out in the Company's announcements dated 26 January 2014 and 12 February 2014.

The convertible bonds were bifurcated into a liability component and an 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:

	Total (Unaudited) HK\$'000
Principal amount outstanding	
At 1 January 2015 and 30 June 2015	628,196
Liability component	
At 1 January 2015	391,219
Imputed interest expenses (<i>note 5</i>)	19,918
Exchange realignment	(108)
At 30 June 2015	411,029
Equity component (included in the convertible bond equity reserve)	
At 1 January 2015 and 30 June 2015	247,321

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

14. SHARE CAPITAL

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (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>		
6,766,587,849 (31 December 2014: 6,750,587,849) ordinary shares of HK\$0.10 each	676,659	675,059

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

	Number of issued and fully paid ordinary shares (Unaudited)	Issued share capital (Unaudited) HK\$'000
At 1 January 2015	6,750,587,849	675,059
Share options exercised (<i>note</i>)	<u>16,000,000</u>	<u>1,600</u>
At 30 June 2015	<u>6,766,587,849</u>	<u>676,659</u>

Note: During the period, the subscription rights attaching to 5,000,000, 5,000,000 and 6,000,000 share options were exercised at the subscription prices of HK\$0.41, HK\$0.465 and HK\$0.574 per share, respectively, for a total cash consideration, before expenses, of HK\$7,819,000.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. DISPOSAL OF SUBSIDIARIES

Details of the disposal transactions of the entire equity interests in Zhijian Limited and its subsidiaries ("Zhijian") and Rayport Limited and its subsidiaries ("Rayport") are summarised as follow:

	Zhijian HK\$'000	Rayport HK\$'000	Total HK\$'000
Net assets disposed of:			
Property, plant and equipment	13,802	–	13,802
Investment properties	345,760	–	345,760
Intangibles assets	17	–	17
Goodwill	149,881	–	149,881
Prepaid land premium	236,320	–	236,320
Available-for-sale equity investment	3,591	–	3,591
Trade receivables	170	–	170
Prepayments, deposits and other receivables	25,403	47,900	73,303
Due from related companies	3,801	–	3,801
Due from an associate	–	23,400	23,400
Cash and cash equivalents	31,502	23	31,525
Deferred tax liabilities	(108,441)	–	(108,441)
Trade payables	(331)	–	(331)
Accruals and other liabilities	(8,747)	(7)	(8,754)
Due to related companies	(9,001)	–	(9,001)
Other loans	(7,257)	–	(7,257)
Due to a fellow subsidiary	(360,672)	–	(360,672)
Due to an intermediate holding company	(62,768)	(23,400)	(86,168)
	253,030	47,916	300,946
Non-controlling interests	(18,320)	–	(18,320)
	234,710	47,916	282,626
Exchange fluctuation realised	1,602	(350)	1,252
	236,312	47,566	283,878
Gain on disposal of subsidiaries	171,688	57,611	229,299
Less: Unrealised portion in respect of a disposal transaction with an associate	(27,058)	–	(27,058)
Gain on disposal of subsidiaries recognised in profit or loss	144,630	57,611	202,241
	408,000	105,177	513,177
Satisfied by:			
Cash	408,000	–	408,000
Shares of CAQ Holdings Limited (available-for-sale equity investment)	–	105,177	105,177

Further details of the above disposal transactions are set out in section "Management Discussion and Analysis".

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. CAPITAL COMMITMENTS

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of an associate	–	137,260
Capital contribution to a joint venture	1,318,433	1,423,974
Construction of warehouses	107,266	228,786
	<hr/> 1,425,699	<hr/> 1,790,020
Total capital commitments	<hr/> 1,425,699	<hr/> 1,790,020

17. RELATED PARTY DISCLOSURES

(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	
			2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
An associate of the ultimate holding company				
Beijing Leading Edge Container Services Company Limited	Rental income	(i)	1,397	1,626
A fellow subsidiary				
Beijing Holdings Limited	Rental expenses	(ii)	–	906
	Acquisitions of receivables	(iii)	–	331,724
Joint venture				
北京北建通成國際物流有限公司	Interest income	(iv)	7,375	11,357

- (i) The rental income related to the lease of a warehouse, a platform office and an office by the Group to an associate of the ultimate holding company of the Company for its business activities. The transaction also constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. After the completion of disposal of subsidiaries on 29 May 2015, this transaction is no longer in the Group. Details of this transaction can be found on the websites of the Company and the Stock Exchange.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

- (ii) 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. The tenancy agreement has expired on 31 December 2014. Details of the transactions can be found on the websites of the Company and the Stock Exchange.
- (iii) During the 2014 period, the Company issued an aggregate of 487,166,195 new ordinary shares to Beijing Holdings Ltd. ("BHL") and its subsidiaries (collectively, the "BHL Group") as considerations for the acquisitions of receivables from the BHL Group amounted to HK\$331,724,000. Details of the transaction can be found on the websites of the Company and the Stock Exchange.
- (iv) The interest income was charged on bank entrusted loans advanced to a joint venture at mutually-agreed rates.
- (v) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and Beijing Enterprises Group Finance Co., Ltd. ("BG Finance") on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non wholly-owned subsidiary of Beijing Enterprises Group Company Limited ("BEGCL") acts as a platform for members of BEGCL for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 2017. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Agreement will not exceed HK\$250 million. Further details of the Deposit Agreement are set out in the Company's announcement dated 29 June 2015.

The deposits placed by the Group with BG Finance as at the end of the reporting period is amounted to approximately RMB100.01 million (equivalent to approximately HK\$124.98 million).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. RELATED PARTY DISCLOSURES (Continued)

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

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

- (c) During the period ended 30 June 2015, the Company granted 31,000,000 (2014: 54,500,000) share options to several directors of the Company with an exercise period from 8 April 2015 to 7 April 2025 (2014: 31 March 2014 to 30 March 2024) at an exercise price of HK\$0.72 (2014: HK\$0.94) per ordinary share.
- (d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	6,027	3,845
Equity-settled share option expenses	12,390	11,238
Total compensation paid to key management personnel	18,417	15,083

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The following table sets out a comparison, by carrying amount and fair value, of the Group's financial instruments that are carried in the financial statements at other than fair value. The fair values of these financial instruments have been calculated by discounting the expected future cash flows at prevailing interest rates and the Group's own non-performance risk for the financial liabilities was assessed to be insignificant.

	Carrying amount		Fair value	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Non-current financial asset:				
Prepayments, deposits and other receivables	–	47,934	–	47,934
Non-current financial liabilities:				
Due to a related party	238,194	238,095	226,512	229,259
Bank and other borrowings	1,004,350	1,459,417	993,247	1,498,092
	1,242,544	1,697,512	1,219,759	1,727,351

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

19. EVENTS AFTER THE REPORTING PERIOD

On 22 July 2015, China Hui Ying Food (Holdings) Co., Limited (“Hui Ying Food”, a wholly-owned subsidiary of the Group), China Hui Ying Food Cold Chain (Holdings) Co., Limited (“Hui Ying Food Cold Chain”, a wholly-owned subsidiary of Hui Ying Food) and Maple Garden Group Limited (“Maple Garden”, a company indirectly owned by Mr. Ang Renyi, an executive director of the Company), entered into a subscription agreement, pursuant to which Hui Ying Food Cold Chain agreed to issue a total of 323,171 newly issued shares (the “Subscription Shares”), and Hui Ying Food and Maple Garden agreed to subscribe for 78,171 and 245,000 of the Subscription Shares respectively (the “Subscription”). The consideration for the Subscription by Hui Ying Food is US\$6,877,874 which shall be paid partly by contributions-in-kind and partly in cash upon completion of the Subscription (the “Completion”). The consideration for the Subscription by Maple Garden is US\$21,556,239, which shall be paid in cash. Upon the Completion, the Group’s equity interest in Hui Ying Food Cold Chain will be diluted from 100% to 51% and will not result in a change of control of Hui Ying Food Cold Chain. As at the date of this report, the transaction has not been completed and is subject to fulfilment of certain conditions precedent. Further details of this transaction are set out in the Company’s announcements dated 22 July 2015 and 23 July 2015.

20. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2015.

DISCLOSEABLE INFORMATION

DIRECTORS' INTERESTS IN CONTRACTS AND CONTRACTS OF SIGNIFICANT

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

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

As at 30 June 2015, 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>9,690,000</u>	0.143

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 2015, 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.

SHARE OPTION SCHEMES

On 18 March 2010, the Company has adopted a 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.

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

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.

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 grant, which must be a trading day; (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.

Share options do not counter rights on the holders to dividends or to vote at shareholders' meetings.

The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2015:

Name or category of participant	Number of share options				At 30 June 2015	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK\$ per share (Note 1)
	At 1 January 2015	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Directors:								
Mr. Yu Li	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	4,250,000	-	-	-	4,250,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	11,000,000	-	-	-	11,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	-	-	-	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	5,000,000	-	-	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	34,250,000	5,000,000	-	-	39,250,000			
Mr. Qian Xu	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	6,000,000	-	-	-	6,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	10,000,000	-	-	-	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	-	-	-	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	5,000,000	-	-	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	35,000,000	5,000,000	-	-	40,000,000			

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

Name or category of participant	Number of share options				At 30 June 2015	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK\$ per share (Note 1)
	At 1 January 2015	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Directors: (Continued)								
Mr. Jiang Xinhao	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,300,000	-	-	-	3,300,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	6,000,000	-	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	-	-	-	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	3,000,000	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	20,300,000	3,000,000	-	-	23,300,000			
Mr. Siu Kin Wai	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	6,000,000	-	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	-	-	-	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	-	-	-	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	4,000,000	-	-	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	24,000,000	4,000,000	-	-	28,000,000			
Mr. Yu Luning	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	4,000,000	-	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	3,000,000	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	19,000,000	3,000,000	-	-	22,000,000			
Mr. Liu Xueheng	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	4,000,000	-	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	3,000,000	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
		14,000,000	3,000,000	-	-	17,000,000		

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

Name or category of participant	Number of share options				At 30 June 2015	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK\$ per share (Note 1)
	At 1 January 2015	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Directors: (Continued)								
Mr. Ang Renyi	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	3,000,000	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	5,000,000	3,000,000	-	-	8,000,000			
Mr. Goh Gen Cheung	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	-	1,000,000	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	7,337,700	1,000,000	-	-	8,337,700			
Mr. Zhu Wuxiang	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	-	1,000,000	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	5,500,000	1,000,000	-	-	6,500,000			
Mr. James Chan	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	-	1,000,000	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	5,500,000	1,000,000	-	-	6,500,000			
Mr. Song Lishui	-	1,000,000	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
Mr. Chan Yuk Cheung	-	1,000,000	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEMES (Continued)

Name or category of participant	Number of share options				At 30 June 2015	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK\$ per share (Note 1)
	At 1 January 2015	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Other employees and consultants in aggregate:	156,000,000	-	(5,000,000)	-	151,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	268,925,400	-	(5,000,000)	-	263,925,400	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	129,000,000	-	(6,000,000)	-	123,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	146,500,000	-	-	-	146,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	24,000,000	-	-	-	24,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	-	53,000,000	-	-	53,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	724,425,400	53,000,000	(16,000,000)	-	761,425,400			
	894,313,100	84,000,000	(16,000,000)	-	962,313,100			

Notes:

1. The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK\$0.77 per share. The closing price of the Company's shares immediately before the date of grant of share options on 8 April 2015 on which the options were granted during the period was HK\$0.68 per share.
3. Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DISCLOSEABLE INFORMATION

DIRECTORS' 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 2015 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.

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

At 30 June 2015, 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	23.02%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,417,076,407	1,557,792,500	-	-	3,974,868,907	58.74%
北京北控置業有限責任公司 (Beijing Enterprises Group Real Estate Co., Limited)	(c)	-	3,974,868,907	-	-	3,974,868,907	58.74%
Illumination Holdings Limited	(d)	87,451,458	-	-	-	87,451,458	1.29%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	-	-	574,617,653	8.49%
Beijing Enterprises Group Company Limited	(f)	-	4,549,486,560	-	-	4,549,486,560	67.23%
Thular Limited	(g)	354,400,000	-	-	-	354,400,000	5.24%
Kerry Holdings Limited	(g)	-	354,400,000	-	-	354,400,000	5.24%
Kerry Group Limited	(g)	-	354,400,000	-	-	354,400,000	5.24%
PA Broad Opportunity VI Limited	(h)	-	-	838,573,244	-	838,573,244	12.39%
Pacific Alliance Asia Opportunity Fund L.P.	(h)	-	-	-	838,573,244	838,573,244	12.39%
Pacific Alliance Group Asset Management Limited	(h)	-	-	-	838,573,244	838,573,244	12.39%
Pacific Alliance Group Limited	(h)	-	-	-	838,573,244	838,573,244	12.39%
Pacific Alliance Investment Management Limited	(h)	-	-	-	838,573,244	838,573,244	12.39%
PAG Holdings Limited	(h)	-	-	-	838,573,244	838,573,244	12.39%

DISCLOSEABLE INFORMATION

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

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

Notes:

- (a) Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 Shares.
- (b) Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) holds 2,417,076,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly owned subsidiary, Brilliant Bright.
- (c) BEREHK is a wholly-owned subsidiary of Beijing Enterprises Group Real-Estate Co., Ltd ("BEGREC"). BEGREC is deemed to be interested in the Shares which BEREHK is interested in.
- (d) Illumination Holdings Limited ("Illumination") holds 87,451,458 Shares.
- (e) Beijing Holdings Limited ("BHL") (i) holds 487,166,195 shares; and (ii) is deemed to be interested in the 87,451,458 Shares of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.
- (f) BEGREC and BHL are wholly-owned subsidiaries of Beijing Enterprises Group Company Limited ("BEGCL"). BEGCL is deemed to be interested in the Shares which BEGREC and BHL are interested in.
- (g) Thular Limited ("Thular") (formerly known as Timekey Limited) 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 Shares held by Thular.
- (h) PA Broad Opportunity VI Limited holds 838,573,244 underlying shares through its ownerships in the convertible bonds with principal amount of RMB490,510,000 (equivalent to approximately US\$80,000,000) of the Company which are convertible at HK\$0.74 per Share.

Save as disclosed above, as at 30 June 2015, 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.

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 2014 of the Company up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

On 20 April 2015, Mr. Qian Xu and Mr. Siu Kin Wai were appointed as Non-Executive Directors of CAQ Holdings Limited which is a company incorporated in West Australia with limited liability, the shares of which are listed on the Australian Securities Exchange.

On 21 April 2015, Mr. Liu Xueheng was appointed as joint chief executive officer of Beijing Enterprises Medical And Health Industry Group Limited (formerly known as Genvon Group Limited), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (SEHK Stock Code: 2389).

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

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

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Final Maturity	Specific performance obligations
31 October 2013	Term loan facility with a syndicate of banks	USD120 million	October 2016	<i>Note 1</i>
24 January 2014	Subscription agreement for issuance of convertible bonds	RMB490.51 million	February 2019	<i>Note 2</i>
21 February 2014	Term loan facility with a bank	HK\$327 million	February 2016	<i>Note 1</i>
7 May 2014	Term loan facility with a bank	HK\$88 million	May 2016	<i>Note 1</i>
16 April 2015	Term loan facility with a bank	HK\$200 million	October 2015	<i>Note 1</i>
25 August 2015	Term loan facility with a bank	USD25 million	Earlier of February 2017, final maturity date or refinancing date of the foresaid term loan facility with a syndicate of banks of USD120 million	<i>Note 1</i>

Notes:

- The Company undertakes to the bank(s) that the borrower (which is a subsidiary of the Company) will procure BEGCL to continue to beneficially own (directly or indirectly) at least 40% of the entire issued share capital of the Company. If the borrower fails to perform or comply with this, the bank is entitled to require, by written notice to the Company, to cure such default within the time specified by the banks. If the Company does not remedy such failure to the bank's satisfaction, the bank is entitled to (a) declare the loan under the Agreement(s), accrued interest and all other sums payable under the Agreement(s) immediately due and payable; and (b) declare the loan facility terminated whereupon the obligation of the bank to make any advance under the loan facility shall immediately cease.
- The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality does not, directly or indirectly, through BEGCL or other companies under its supervision and control, hold at least 40% of the Company's issued and outstanding capital stock or does not control the Company. If the Company fails to perform or comply with this, the holder(s) of the convertible bonds will have the right at such holder's option, to require the Company to redeem all or some only of such holder's convertible bonds at their early redemption amount together with any interest accrued but unpaid to such date.

DISCLOSEABLE INFORMATION

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 2015.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE REPORT

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

In the opinion of the Directors, 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 2015, 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 2015, 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 the 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. Mr. Zhou Si has resigned as a chairman of the Company from 21 January 2014. Until now, the Board still has not elected and appointed chairman of the Company. All the Chairman’s duties and responsibilities is temporary performed by the vice-chairman of the Company. However, in the Annual General Meeting held on 15 June 2015 (the “2015 AGM”), our vice-chairman was unable to attend the meeting due to his other business 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 2015 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 2015.

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; and (iii) assessing the operating risks of the Company and our subsidiaries and recommending solutions to the Board.

During the six months ended 30 June 2015, the members of the Investment and Risk Management Committee are Mr. Liu Xueheng (Chairman), Mr. Qian Xu, Mr. Jiang Xinhao, Mr. Siu Kin Wai, Mr. Yu Luning, Mr. Zhu Wuxiang and Mr. Ang Renyi. 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.

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 2015 and considers that appropriate accounting policies have been adopted in the preparation of the relevant results and sufficient disclosures have been made.

During the six months ended 30 June 2015, 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. Chan Yuk Cheung.

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 2015, the majority of the Remuneration Committee members are Independent Non-Executive Directors. Members of the Remuneration Committee are Mr. Goh Gen Cheung (Chairman), Mr. James Chan, Mr. Yu Luning, Mr. Song Lishui and Mr. Chan Yuk Cheung.

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 2015, the majority of the Nomination Committee members are Independent Non-Executive Directors. Members of the Nomination Committee are Mr. James Chan (Chairman), Mr. Goh Gen Cheung, Mr. Qian Xu, Mr. Yu Luning, Mr. Song Lishui and Mr. Chan Yuk Cheung.

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 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.