

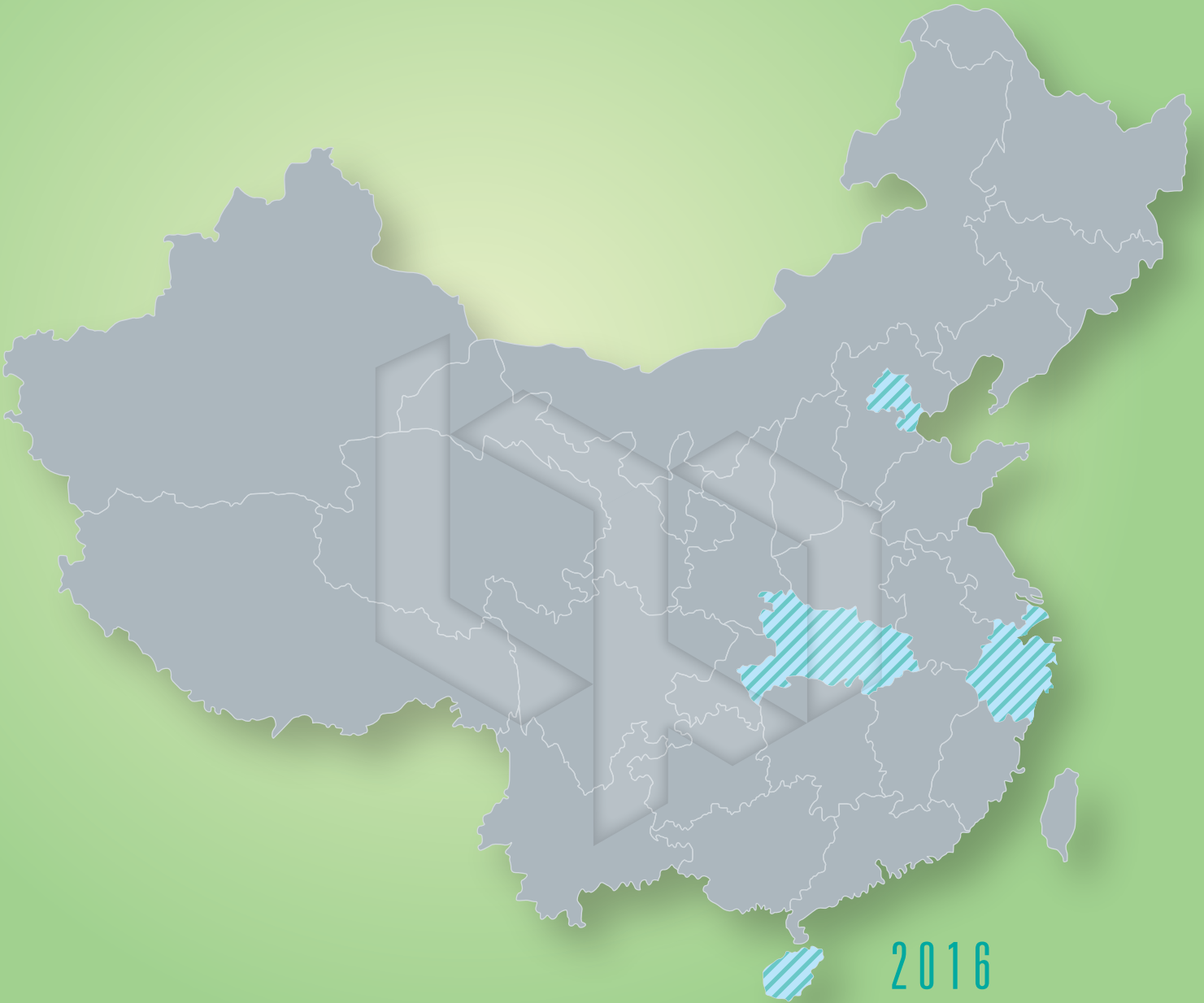


北京建設 BPHL

BEIJING PROPERTIES (HOLDINGS) LTD

*(incorporated in Bermuda with limited liability)*

*Stock Code: 925*



2016

INTERIM

REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. QIAN Xu (*Chairman & Chief Executive Officer*)  
Mr. HU Yebi (*Vice Chairman*)  
Mr. SIU Kin Wai (*President*)  
Mr. YU Luning  
Mr. ANG Renyi  
Mr. ZHAO Jiansuo (appointed on 27 June 2016)  
Mr. WAN Lee Cham (*Chief Financial Officer*)  
(appointed on 27 June 2016)  
Mr. Dong Qilin (*Chief Operating Officer*)  
(appointed on 27 June 2016)  
Mr. LI Changfeng (appointed on 27 June 2016)  
Mr. YU Li (resigned on 27 June 2016)  
Mr. JIANG Xinhao (resigned on 13 June 2016)

### 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. Hu Yebi (*Chairman*)  
Mr. QIAN Xu  
Mr. SIU Kin Wai  
Mr. YU Luning  
Mr. ZHU Wuxiang  
Mr. ANG Renyi  
Mr. JIANG Xinhao (resigned on 13 June 2016)

## 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. CHENG Ching Fu (appointed on 27 June 2016)  
Mr. SIU Kin Wai (resigned on 27 June 2016)

## STOCK CODE

925

## AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu  
Mr. SIU Kin Wai

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

66th Floor  
Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong  
Tel: (852) 2511 6016  
Fax: (852) 2598 6905

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITORS

Ernst & Young

## WEBSITE

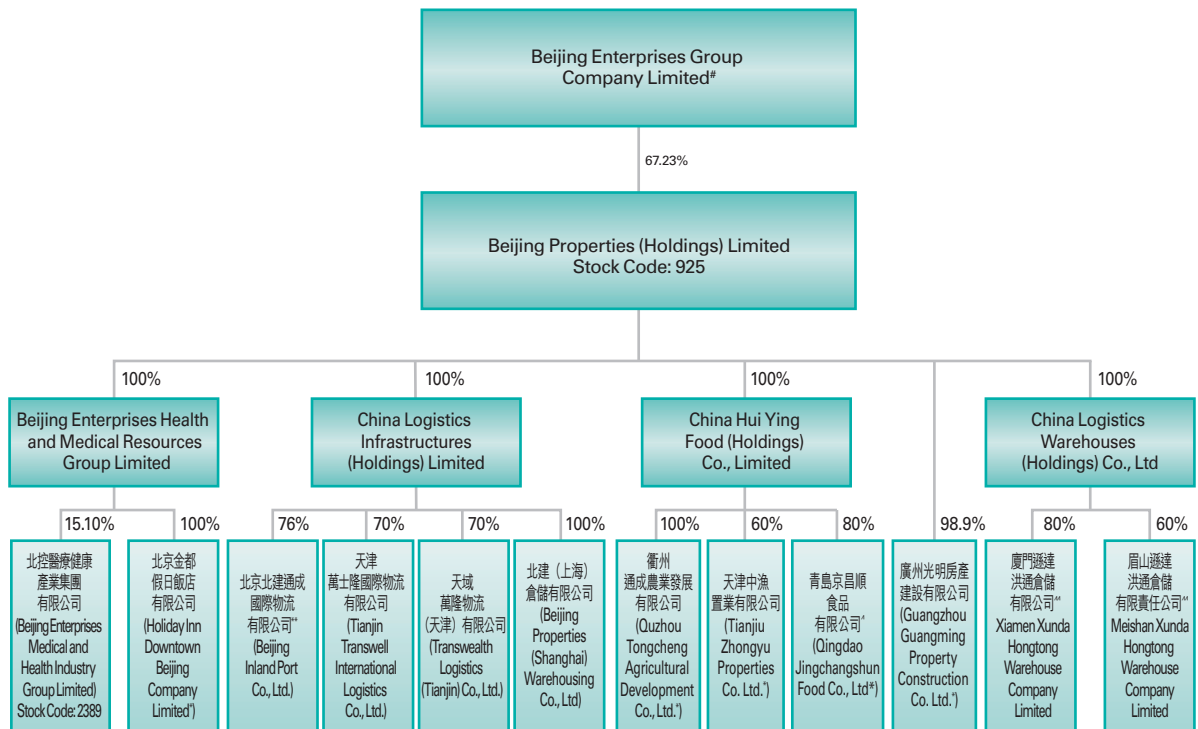
[www.bphl.com.hk](http://www.bphl.com.hk)

## PRINCIPAL BANKERS

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

# GROUP STRUCTURE

As at 30 June 2016



# 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

^ The acquisition transaction has been completed on 19 January 2016

^^ The acquisition transaction has been completed on 1 April 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2016 (the "2016 Period"), the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK\$122.95 million, as compared to the consolidated profit attributable to the shareholders of the Company of approximately HK\$192.90 million recorded in the six months ended 30 June 2015 (the "2015 Period").

## BUSINESS REVIEW

The Group is principally engaged in logistics infrastructure business in China. Through continuous acquisitions and investments in previous years, the Group has established 4 core businesses namely 1) e-commerce and bonded storage businesses, 2) cold chain logistics, 3) specialised wholesale markets, and 4) commercial properties business.

### 1) E-commerce and bonded storage businesses

The Group possesses numerous logistics facilities and warehouses located in Tier 1 and Tier 2 cities including Beijing, Shanghai and Tianjin, with an aggregate rentable area of 1,002,088 m<sup>2</sup>, among which 429,492 m<sup>2</sup> is operating rentable area. Details are as follow:

Name of Group company	Location of warehouses	Interest (%)	Rentable area (m <sup>2</sup> )	Operating rentable area (m <sup>2</sup> )	Occupancy rate as at 30 June		Major tenants
					2016 (%)	2015 (%)	
Beijing Inland Port Co., Ltd. ("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	550,000	–	–	–	Best Logistics, San hui Food Logistics, etc <i>(Note 1)</i>
Beijing Properties (Shanghai) Warehousing Co., Ltd. ("Shanghai WGQ")	Gaoqiao Town of Putong New District, North-East region of Pudong District	100	211,985	211,985	<b>91.49%</b>	92.15%	MOL Logistics, Mitex Logistics, Waigaoqiao Bonded Logistics, DKSH (Shanghai), etc.
Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics")	Site 19, Third Avenue, Tianjin Airport Economic Area (International Logistics Zone)	70	24,321	24,321	<b>88.19%</b>	94.41%	Harmony International, Sinotrans Air, COSCO Air, UPS, Kerry Logistics, Nippon Express, etc.
Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics")	Site F, Tianjin Airport International Logistics Zone	70	34,312	11,716	<b>100%</b>	100%	SF Express <i>(Note 2)</i>
Xiamen Xunda Hongtong Warehouse Company Limited ("Xiamen Xunda")	Nos. 555-563 Jian Road, Tong'an District, Xiamen City	80	83,838	83,838	<b>100%</b>	–	Amazon, JD.com, etc.
Meishan Xunda Hongtong Warehouse Company Limited ("Meishan Xunda")	Nos. 3-5 Meishan Economic Development Zone, Bencao Ave South Section, Dongpo District Meishan City	60	97,632	97,632	<b>45.06%</b>	–	Amazon, etc.
Total			1,002,088	429,492			

\* Joint venture of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

Note 1: Those tenants of BIPL had signed legally-binding letters of intent.

Note 2: The whole area of 11,716 m<sup>2</sup> of Phase I of Transwealth Logistics had been leased to SF Express and it had also entered into a legally-binding letter of intent for leasing the whole area of Phase II of 22,596 m<sup>2</sup> upon its completion.

- (a) Majuqiao Logistics Park is the largest project to be invested in, developed and operated by BIPL as well as the Group, and, upon completion, will be one of the largest integrated logistics facilities in Northern China. The whole project will be completed by five phases. The Group obtained the lands for phase I and Phase II of the project on 3 November 2015, the BIPL has commenced the construction of the Phase I of Project on 19 September 2016. The whole project composes of 5 phases with total rentable area of approximately 640,000 square metres, which includes rentable area of approximately 550,000 square metres for warehouse uses and rentable area of approximately 90,000 square metres for commercial uses. In relation to the Phase I, the total construction area is approximately 160.7 mu which is allowed to construct warehouses and offices with the total rentable area of approximately 167,000 square metres. The entire construction for the Phase I is expected to be completed at the end of December 2017. Currently, all proposed rentable areas of which has been pre-leased to service providers of leading e-commerce giants of China. Following the commencement of construction of Phase I, the Phase II of the Project will be composed of bonded warehouses, cold chain storage warehouses and ancillaries with total rentable area of approximately 197,000 square metres. The construction for the Phase II is expected to be commenced before the end of December 2016 and currently approximately 80% of the rentable area has been pre-leased. It is expected that the completion of construction for the entire Majuqiao Logistics Park will be in 2019.
- (b) Shanghai WGO consists of 23 units of warehouses. The occupancy rate for the rentable area was approximately 91.49% as at 30 June 2016, while the average occupancy rate was approximately 88.88% during the 2016 Period. The daily average pre-business-tax rent was approximately RMB1.42 per m<sup>2</sup> for the 2016 Period. The occupancy rate of this project is expected to be maintained at the same level in 2016. However, competition is becoming keen due to the poorer performance of Chinese export and increase in supply of warehouses nearby.
- (c) The warehouse of WSL Logistics is still the sole bonded warehouse of Tianjin Binhai International Airport. The occupancy rate for the rentable area was 88.19% as at 30 June 2016 while the average occupancy rate was approximately 86.32% during the 2016 Period, The daily average pre-business-tax rent was approximately RMB1.63 per m<sup>2</sup> for the 2016 Period. The decrease in occupancy rate was in line with the poorer performance of Chinese export.
- (d) Phase I of the warehouse of Transwealth Logistics had been fully leased to SF Express with a daily average pre-business-tax rent of approximately RMB0.84 per m<sup>2</sup>. On 23 April 2015, the Group entered into a letter of intent with SF Express to further lease the whole area of approximately 22,596 m<sup>2</sup> of Phase II of the warehouse upon its completion and the respective tenancy deposit was received. The intended daily pre-business-tax rent is approximately RMB1.08 per m<sup>2</sup> and Phase II is expected to be delivered to SF Express before November 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (e) On 1 April 2016, the Group acquired 80% equity interest in Xiamen Xunda. Xiamen Xunda possesses 5 warehouses in Xiamen City, Fujian Province with a total rentable area of 83,838 m<sup>2</sup>, which has been leased out to three major players of e-commerce business in China. The occupancy rate of the rentable area was approximately 100% as at 30 June 2016, while the average occupancy rate was approximately 95.95% during the 2016 Period.
- (f) On 1 April 2016, the Group acquired 60% equity interest in Meishan Xunda. Meishan Xunda possesses 4 warehouses in Meishan City, Sichuan Province with a total rentable area of approximately 97,632 m<sup>2</sup>. The occupancy rate for the rentable area was approximately 45.06% as at 30 June 2016, while the average occupancy rate was approximately 53.54% during the 2016 Period. Meishan Xunda also has a land of approximately 33,333 m<sup>2</sup> not yet developed.

Apart from the above, the Group is committed in other projects with certain progress.

- (a) 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 m<sup>2</sup> and will be developed in two phases. Phase I is located in Tianjin Free Trade Pilot Zone, and will occupy a land area of approximately 176,000 m<sup>2</sup>. The land will be developed into a complex including general warehouse facilities. Phase II is located outside Tianjin Free Trade Zone and is connected to the land of Phase I, and will occupy a land area of approximately 218,000 m<sup>2</sup>. 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. The land of Phase I is expected to be acquired before the end of 2016.
- (b) On 22 September 2015, the Group entered into a framework agreement with parties to acquire 80% equity interests in 海南達通倉儲有限責任公司 (in English, for identification purpose, Hainan Datong Warehouse Company Limited, "Datong Warehouse"), which is the owner and developer of a parcel of land located in Chengmai County, Haikou City of Hainan Province (the "Chengmai Land"). Pursuant to the framework agreement, upon satisfaction or waiver of the conditions precedents, the Group will acquire 80% equity interest in Datong Warehouse at a consideration of RMB140.10 million. Datong Warehouse will develop the Chengmai Land into warehouses of approximately 50,226 m<sup>2</sup> and a lease agreement for the entire area of warehouses has been signed with a tenant which is a leading player of e-commerce in China. The potential pre-business-tax rental income will be approximately RMB0.9 per m<sup>2</sup> per day, with an average increment of approximately 3% per year. Due diligence works for completing the transaction are being performed. It is expected that the transaction will be completed in September 2016.
- (c) On 6 November 2015, the Group entered into a framework agreement with parties to acquire 80% equity interests in 和超物流(瀋陽)有限公司 (in English, for identification purpose, He Chao Logistics (Shenyang) Co., Ltd., "He Chao Logistics"), which is the owner and developer of a parcel of land located in Yuhong District, Shenyang City of Liaoning Province (the "Yuhong Land"). Pursuant to the framework agreement, upon satisfaction or waiver of the conditions precedents, the Group will acquire 80% interests of He Chao Logistics through the subscription of new shares of and acquisition of old shares of Advance Eternal Investment Limited, its immediate holding company, at a consideration of not more than RMB151.69 million. He Chao Logistics will develop the Yuhong Land into warehouses (with auxiliary facilities) of approximately 52,422 m<sup>2</sup>.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2) Cold chain logistics

One of the development focuses of the Group is to establish nationwide cold chain logistics facilities.

The Group currently possesses aggregate rentable volume of 71,600 tons, details are as follows:

Name of subsidiaries	Location of warehouse	Interest (%)	Planned rentable volume (tons)	Completed rentable volume (tons)	Occupancy rate as at 30 June		Major tenants
					(%)	(%)	
					2016	2015	
Tianjin Zhongyu Properties Co., Ltd ("TJ Zhongyu")	Tianjin Marine Economic Area	60	61,600	61,600	1.97	-	-
Qingdao Jingchangshun Food Co., Ltd ("Qingdao Jingchangshun")	Xiazhuang Street, Chengyang District, Qingdao City	80	10,000	10,000	32.48	-	China National Fisheries Corp.

- (a) TJ Zhongyu will be developed into a platform for aquatic products. Phase I has an area of 65,525 m<sup>2</sup>, representing a carrying storage capacity of approximately 61,600 tons. The occupancy rate for the rentable volume was approximately 1.97% as at 30 June 2016, while the average occupancy rate was approximately 1.73% during the 2016 Period. There is spare land of approximately 53,000 m<sup>2</sup> available for the development of Phase II in the future, subject to the business development of Phase I and the finalisation of plot ratio with the local government. As at 30 June 2016, the occupancy rate of Phase I is low due to the deferred demand of potential tenants as they changed their unloading locations to Qingdao and Dalian since the Tianjin explosion. The tenancy situation keeps improving in July and August 2016 after the potential tenants start returning to Tianjin to unload their foods.
- (b) In January 2016, the Group acquired 80% equity interest in Qingdao Jingchangshun from Jet Success Investments Limited at a consideration of RMB40 million. Qingdao Jingchangshun is principally engaged in the operation of cold logistics storage facilities in Chengyang district of Qingdao, China. It currently owns a parcel of land of approximately 15,351.5 m<sup>2</sup> with cold warehouse of approximately 6,785.84 m<sup>2</sup>, representing a carrying storage capacity of approximately 10,000 tons. The occupancy rate for the rentable volume was approximately 32.48% as at 30 June 2016, while the average occupancy rate was approximately 22.77% during the 2016 Period. The low occupancy rate is affected by the seasonal pattern of the tenants and the change in food processing regulations but situation is improving after 30 June 2016.

The performance of the Group's cold chain logistics facilities are not encouraging at the moment, however, the Group saw continuous improvement on it. The Group will try its best to improve further the tenancy status and may also change its portfolio of assets by disposing of low performance facilities and acquiring good performing assets in future.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 3) Specialised wholesale market business

- (a) Quzhou Tongcheng Agriculture Development Co., Ltd (“Quzhou Tongcheng”) runs a project in collaboration with the People’s Government of 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 generating an annual turnover of approximately RMB5.2 billion. Currently Phase I has a rentable area of 34,815 m<sup>2</sup>, of which 29,137 m<sup>2</sup> was leased out. Apart from the daily average rent of approximately RMB1 per m<sup>2</sup>, 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 constructing the Phase II, which will develop a total rentable area of approximately 138,757 m<sup>2</sup>, including shops of approximately 61,978 m<sup>2</sup>, cold storage warehouse of approximately 25,000 m<sup>2</sup>, general warehouse of approximately 11,407 m<sup>2</sup>, a logistics distribution area of approximately 4,408 m<sup>2</sup> and hotels of approximately 35,964 m<sup>2</sup>. The construction works are expected to be completed by June 2017.

### 4) Commercial properties business

- (a) Guangzhou Guangming Real Estates Co. Ltd. (“Guangzhou Guangming”) owns 99% interest in Metro Mall. The mall is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. Metro Mall has a gross floor area of approximately 62,000 m<sup>2</sup>, and is a 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. Since the successful introduction of International All Stars Cinema and Mopark Department Store in 2012, the revenue of the mall has been improving. Currently the occupancy rate is maintained at approximately 89.99%.
- (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 77.44% 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

### BUSINESS PROSPECTS

In the first half of 2016, given the slowdown in macro-economic growth and changing structure of consumption demand, the overall development of the logistics industry in China remained stable with a total logistics value of RMB107 trillion, representing a growth of 6.2% as compared with the corresponding period last year at comparable prices. Among which, livelihood related areas including e-commerce, cold-chain, express delivery and cross-border e-commerce recorded a rapid growth.

According to the logistics industry report (《2016年上半年中國商貿物流運行報告》) announced by the Ministry of Commerce, the sales value of online retail reached RMB2.2 trillion, representing a growth of 28.2% as compared with the corresponding period last year; while the sales value of physical commodities online retail was RMB1.8 trillion, representing a growth of 26.6% as compared with the corresponding period last year, which also drove the growth in demand for all kinds of e-commerce related services. To speed up the development of e-commerce logistics, the Ministry of Commerce also joined hands with other 5 departments to announce an e-commerce logistics development plan for 2016-2020 (《全國電子商務物流發展專項規劃(2016-2020年)》), and raised the mid-long term development target to form a sound, well-structured, powerful, efficient and high quality e-commerce logistics system by 2020. Following the introduction of the above policy, a number of provinces announced their development plans with clear targets, which fostered the development of overall e-commerce logistics.

In respect of the cold-chain logistics market, despite the rapid development of fresh food e-commerce, the basic supporting facilities, including manufacturing of equipment, provision of technology, warehouses and delivery is still in its infancy that fails to satisfy the demand. Statistics showed there is more than 1 billion tons of perishable foods every year in China, 50% of which requires cold-chain transition. However, the current cold-chain coverage is only approximately 20%-30%, leading to a huge amount of wastage. Notwithstanding the significant increase in the total volume of cold warehouses, there is an obvious shortage under the enormous market demand. Moreover, the market was facing problems including low concentration, uneven distribution, generally low digitalisation and backward management level. Seeing these problems, the State Council is determined to introduce "Internet plus logistics"

To accelerate industry upgrade, the National Development and Reform Commission also introduced an opinion document regarding Internet plus high efficient logistics (《「互聯網+」高效物流實施意見》) in July 2016, stating the target to construct a communal system for logistics information, upgrade the intelligence in warehousing and delivery, strengthen the capability of smart cold-chain logistics, and develop a high efficient and convenient logistics model. After that, the Minister of Transport announced an opinion document about promoting supply side reform and logistics industry (《關於推進供給側結構性改革促進物流業「降本增效」的若干意見》) with a target to construct an economically efficient and high quality logistics transportation system to foster the cost reduction and efficiency improvement of logistics industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

Driven by the huge market demand and government policies, the Chinese logistics industry is going to develop in a faster and more comprehensive way. To seize the market opportunities, the Group is strategically well-prepared in both logistics infrastructure and cold-chain logistics business. Currently, the Group has expanded its nationwide logistics facilities network by entering core logistics cities in Fujian Province, Sichuan Province, Hainan Province, Shandong Province and Liaoning Province. In the future, the Group will continue to explore other logistics hubs with development potentials for further expansion. In the meantime, the Group will continue to enhance the quality of its logistics facilities as well as upgrading its services and safety level.

In terms of cold-chain logistics, the Group will 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.

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 locations 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 4.96%, 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 its success. The Group has set out its long term development target: three million m<sup>2</sup> of rentable area for general warehouses and one million tonnes storage capacity for cold warehouses in the coming four years and become one of the top three players in the logistics industry in China. At the meantime, upon the active promotion of the “One Belt One Road” initiative by the Chinese government, closer cooperative relationship with other countries are being established. The Group will look out for suitable investment opportunities in order to expand the current business to other regions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and gross profit analysis

The revenue (net of business tax) for the 2016 Period amounted to approximately HK\$141.03 million, representing a decrease of approximately HK\$6.26 million or 4.25%, from approximately HK\$147.29 million for the 2015 Period. The gross profit for the 2016 Period amounted to approximately HK\$111.08 million, representing a decrease of approximately HK\$2.65 million, or 2.33% from approximately HK\$113.73 million for the 2015 Period. The decrease in revenue was primarily attributable to the decrease in average occupancy rate during the 2016 Period.

Name of assets	2016 Period		2015 Period		Change	
	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %
Shanghai WGQ	55,524	96.62	58,516	96.86	(2,992)	(0.24)
WSL Logistics	7,268	99.83	8,354	93.77	(1,086)	6.06
Transwealth Logistics	2,087	97.60	2,188	96.20	(101)	1.40
Xiamen Xunda	5,416	89.51	–	–	5,416	N/A
Meishan Xunda	2,430	98.52	–	–	2,430	N/A
TJ Zhongyu	291	(60.14)	–	–	291	N/A
Qingdao Jingchangshun	775	4.52	–	–	775	N/A
Quzhou Tongcheng	1,306	83.15	–	–	1,306	N/A
Metro Mall	22,304	94.18	26,333	94.02	(4,029)	0.16
Holiday Inn BJ	43,629	43.43	48,359	44.45	(4,730)	(1.02)
Lugang*	–	–	3,540	67.68	(3,540)	N/A
The Group	141,030	78.76	147,290	77.21	(6,260)	1.55

\* On 29 May 2015, the Group disposed its entire interest in Lugang following the disposal of Zhijian Limited, which was an intermediate holding company of Lugang.

#### E-commerce and Bonded Logistics Warehouse

##### Shanghai WGQ

The revenue (net of business tax) contribution of Shanghai Phoenix WGQ for the 2016 Period amounted to approximately HK\$55.52 million, representing a decrease of approximately HK\$3 million or 5.13% from approximately HK\$58.52 million for the 2015 Period. The decrease was primarily attributable to the decrease in average occupancy rate. The gross profit margin was slightly decreased from approximately 96.86% for the 2015 Period to approximately 96.62% for the 2016 Period.

##### WSL Logistics

The revenue (net of business tax) contribution of WSL Logistics for the 2016 Period amounted to approximately HK\$7.27 million, representing a decrease of approximately HK\$1.08 million or 12.93% from approximately HK\$8.35 million for the 2015 Period. The decrease was primarily attributable to the decrease in average occupancy rate. The gross profit margin was increase from approximately 93.77% for the 2015 Period to approximately 99.83% for the 2016 Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Transwealth Logistics***

The revenue (net of business tax) contribution of the Phase I of Transwealth Logistics for the 2016 Period amounted to approximately HK\$2.09 million, representing a decrease of approximately HK\$0.1 million, or 4.57%, from approximately HK\$2.19 million for the 2015 Period. The gross profit margin was slightly increased from 96.2% for the 2015 Period to approximately 97.6% for the 2016 Period.

### ***Xiamen Xunda***

The acquisition of the Xiamen Xunda was completed on 1 April 2016. The revenue (net of business tax) contribution of Xiamen Xunda for the 2016 Period amounted to approximately HK\$5.42 million. The gross profit margin was 89.51% for the 2016 Period.

### ***Meishan Xunda***

The acquisition of the Meishan Xunda was completed on 1 April 2016. The revenue (net of business tax) contribution of Meishan Xunda for the 2016 Period amounted to approximately HK\$2.43 million. The gross profit margin was 98.52% for the 2016 Period.

### **Cold Chain Logistics Warehouse**

#### ***Qingdao Jingchangshun***

The acquisition of the Qingdao Jingchangshun was completed on 19 January 2016. The revenue (net of business tax) contribution of Qingdao Jingchangshun for the 2016 Period amounted to approximately HK\$0.78 million.

#### ***Tianjin Zhongyu***

The business of the Tianjin Zhongyu commenced on 21 January 2016. The revenue (net of business tax) contribution of Tianjin Zhongyu for the 2016 Period amounted to approximately HK\$0.29 million.

### **Specialised Wholesale Markets**

#### ***Quzhou Tongcheng***

The Phase I of Quzhou Tongcheng commenced in August 2015. The revenue (net of business tax) contribution of Quzhou Tongcheng for the 2016 Period amounted to approximately HK\$1.31 million. The gross profit margin was 83.15% for the 2016 Period.

### **Commercial properties**

#### ***Metro Mall***

The revenue (net of business tax) contribution of Metro Mall for the 2016 Period amounted to approximately HK\$22.3 million, representing a decrease of approximately HK\$4.03 million, or 15.31%, from approximately HK\$26.33 million for the 2015 Period. The decrease was primarily attributable to the decrease in average occupancy rate. The gross profit margin was slightly increased from 94.02% for the 2015 Period to approximately 94.18% for the 2016 Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Holiday Inn BJ***

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 2016 Period amounted to approximately HK\$43.63 million, which represents a decrease of approximately HK\$4.73 million, or 9.78%, from approximately HK\$48.36 million for the 2015 Period. The gross profit margin was slightly decrease from approximately 44.45% for the 2015 Period to approximately 43.43% for the 2016 Period. The average room occupancy rate was approximately 77.44%, and the average room charging rate was approximately RMB541.2 per day. The decrease was primarily attributable to the decrease in the average room occupancy rate, the average room charging rate per day and the sales revenue of food and beverage.

### **Other income and gains, net**

During the 2016 Period, the net other income and gains were approximately HK\$14.74 million, which represents a decrease of approximately HK\$12.12 million, or 45.12%, from approximately HK\$26.86 million for the 2015 Period. The decrease was mainly attributable to the combined net effect of: (i) decrease of approximately HK\$6.69 million in other interest income; and (ii) foreign exchange differences turned from a gain of approximately HK\$3.13 million for the 2015 Period which was recognised as "other income and gains" to a loss of approximately HK\$15.56 million for the 2016 Period which was recognised as "other expenses".

### **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 Haikou Peace Base Holdings Limited ("HPB") to CAQ Holdings Limited ("CAQ", ASZ: 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 Beijing Enterprises Medical and Health Industry Group Limited ("BJ M&H", SEHK stock code: 2389). 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Selling expenses**

During the 2016 Period, the selling expenses were approximately HK\$6.69 million, which represents an increase of approximately HK\$1.76 million, or 35.7%, from approximately HK\$4.93 million for the 2015 Period. The increase was primarily due to the selling expenses were incurred in the business of Specialised Wholesale Markets.

### **Administrative expenses**

During the 2016 Period, the administrative expenses were approximately HK\$70.58 million, which represents a decrease of approximately HK\$27.3 million, or 27.89%, from approximately HK\$97.88 million for the 2015 Period. The decrease was primarily due to no equity-settled share option expenses were incurred for the 2016 Period.

### **Other expenses**

During the 2016 Period, the other expenses were approximately HK\$39.89 million, which represented an increase of approximately HK\$35.3 million, or 7.69 times, from approximately HK\$4.59 million for the 2015 Period. The increase was attributable to an impairment loss of approximately HK\$15.94 million, provision for compensation of approximately HK\$5.78 million and the foreign exchange differences turned from a gain of approximately HK\$3.16 million for the 2015 Period which was recognised in "other income and gains" to a loss of approximately HK\$15.56 million for the 2016 Period which was recognised in "other expenses".

### **Finance costs**

During the 2016 Period, the finance cost was approximately HK\$147.47 million, representing an increase of approximately HK\$62.47 million, or 73.49%, from approximately HK\$85 million for the 2015 Period. The finance costs mainly included: (i) imputed interest and coupon interest on PAG Convertible Bonds of approximately HK\$22.08 million and approximately HK\$11.62 million respectively (2015 Period: approximately HK\$19.92 million and HK\$12.34 million respectively); (ii) interest on bank and other loans of approximately HK\$39.29 million, which was decreased by approximately HK\$13.45 million, or 25.50%, from approximately HK\$52.74 million for the 2015 Period, the decrease was mainly due to the decrease of average bank borrowing; and (iii) interest on USD guaranteed bonds issued in November 2015 of approximately HK\$74.48 million.

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

During the 2016 Period, the share of profits of a joint venture of approximately HK\$16.48 million was contributed solely by BIPL, which represented an increase of HK\$15.57 million from the share of profits of approximately HK\$0.91 million for the 2015 Period. The increase was primarily due to the interest income received.

### **Share of profit of an associate**

The share of profit of BJ M&H was approximately HK\$6.9 million for the 2015 Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Total non-current assets**

The total non-current assets of the Group as at 30 June 2016 were approximately HK\$8,187.07 million, representing an increase of approximately HK\$671.02 million, or 8.93%, from approximately HK\$7,516.05 million as at 31 December 2015. The increase was mainly attributable to the combined net effect of (i) the newly acquisition of two investment properties in relation to e-commerce logistics project in Xiamen and Meishan and one investment property in relation to cold chain logistics project in Qingdao; and (ii) fair value downward approximately HK\$100.99 million of available-for-sale equity investments of CAQ's shares and BJ M&H's shares.

### **Total current assets**

The total current assets of the Group as at 30 June 2016 were approximately HK\$2,824.35 million, representing a decrease of approximately HK\$1,126.15 million, or 28.51%, from approximately HK\$3,950.5 million as at 31 December 2015. The decrease was mainly attributable to the combined net effect of (i) the cash consideration paid for the newly acquisitions in Xiamen, Meishan and Qingdao; and (ii) the repayment of bank loans.

### **Total non-current liabilities**

The total non-current liabilities of the Group as at 30 June 2016 were approximately HK\$3,787.85 million, representing an increase of approximately HK\$160.76 million, or 4.43%, from approximately HK\$3,627.09 million as at 31 December 2015. The increase was mainly attributable to the combined net effect of (i) the reclassification of convertible bonds from non-current liabilities to current liabilities; and (ii) the renewal of bank loans from short term to long term.

### **Total current liabilities**

The total current liabilities of the Group as at 30 June 2016 were approximately HK\$3,080.08 million, representing a decrease of approximately HK\$298.69 million, or 8.84%, from approximately HK\$3,378.77 million as at 31 December 2015. The decrease was mainly attributable to the combined net effect of (i) the reclassification of convertible bonds from non-current liabilities to current liabilities; (ii) the renewal of bank loans from short term to long term; and (iii) bank loan repayment.

### **Total equity**

The total equity attributable to shareholders of the Company as at 30 June 2016 was approximately HK\$3,901.49 million, representing a decrease of approximately HK\$318.93 million, or 7.56%, from approximately HK\$4,220.42 million as at 31 December 2015. The decrease was mainly attributable to (i) the decrease in the foreign exchange translation reserves; (ii) the fair value downward of available-for-sale equity interest; and (iii) the loss for the 2016 Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and financial resources

As at 30 June 2016, for accounting purposes, the Group had total borrowings of approximately HK\$5,060.72 million (31 December 2015: approximately HK\$5,313.39 million) which included: (i) approximately HK\$1,767.27 million from bank and other borrowings; (ii) approximately HK\$425.55 million from PAG Convertible Bonds; (iii) approximately HK\$596.2 million from redeemable equity instrument; and (iv) approximately HK\$2,271.7 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowing, convertible bonds, redeemable equity instrument and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 70.56% (31 December 2015: approximately 43.89%).

As at 30 June 2016, the Group's bank and other borrowing balance amounted to approximately HK\$1,767.27 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 54.31%, 6.17% and 39.52%, respectively. Over 58.55% of these bank and other borrowings was repayable less than one year. As at 30 June 2016, the Group's cash and bank balances amounted to approximately HK\$2,136.93 million, which was denominated in USD, HK\$ and RMB as to 49.09%, 0.49% and 50.42%, respectively.

All of the bank and other borrowings bear interest at floating rates, the PAG Convertible Bonds bears coupon rate of 4% per annum and the USD guaranteed bonds bears coupon rate of 5.5% 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 2016, the Group's current ratio and quick ratio were approximately 91.70% and approximately 91.67% (31 December 2015: the Group's current ratio and quick ratio were approximately 116.92% and approximately 116.89%) respectively. As at 30 June 2015, all the financial covenants stipulated in the loan facility agreements, subscription agreement of the PAG Convertible Bonds and subscription agreement of the USD guaranteed bonds have been complied.

The net total borrowings of the Group as at 30 June 2016 (total borrowings less cash and cash equivalents and restricted cash) was HK\$2,923.79 million (31 December 2015: HK\$1,957.96 million), representing an increase of HK\$965.83 million as compared to the previous year.

### Contingent liabilities

As at 30 June 2016, the Group had guarantees of approximately HK\$23 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 2015: HK\$23 million).

### Capital expenditures

During the 2016 Period, the Group spent approximately HK\$943 million (2015 Period: approximately HK\$430.85 million) as capital expenditures, which consists of property, plant and equipment and investment properties, including assets acquired through acquisitions of subsidiary.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

### Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciates/depreciated against Hong Kong dollar, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HKD and USD. During the 2016 Period, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposure to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

### Charges on assets

As at 30 June 2016, the Group had bank loans with principal amounts of approximately HK\$1,552 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 2016 (six months ended 30 June 2015: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had a total of 510 (six months ended 30 June 2015: 601) employees. Total staff cost incurred during the 2016 Period amounted to approximately HK\$23.42 million (six months ended 30 June 2015: approximately HK\$53.51 million including equity-settled share option expenses of approximately HK\$20.24 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS AND ACQUISITIONS

- (a) On 4 July 2016, the Group entered into an agreement with Mr. Chan Yuk Cheung, an independent non-executive Director of the Company, to acquire 60% of the entire issued share capital and 60% of all obligations, liabilities and debts of Zhong Jian jin Bian Jing Ji Te Qu Ltd (the “Zhong Jian”) at a consideration US\$178,581,495. The Zhong Jian owns the property in Cambodia, which comprises of certain plots of land in Seb Commune, Ta Ches Commune and Chhuk Sor Commune with a total area of approximately 11,905,433 square metres which included two plots of land located in Ta Ches Commune and Seb Commune of the Kampong Tralach District, with a total area of approximately 461,580 square metres, which is owned legally and beneficially by the Mr. Chan Yuk Cheung and Ms. Chea Kheng and will transfer to Zhong Jian. As at the date of this report, the transaction has not been completed and is subject to fulfillment of certain conditions precedent. Further details of the acquisition had been set out in the Company’s announcement dated 4 July 2016.
- (b) On 16 August 2016, the Group entered into an agreement with Beijing Enterprises Real Estate (HK) Limited (the “BEREHK”), is a wholly-owned subsidiary of the controlling shareholder of the Company, to acquire Bellomonte Limited at consideration US\$3,000,000. Bellomonte Limited owns 49% of the entire issued share capital of Bellomonte S. A. which will develop a parcel of land situated in Havana, Cuba for targeting to develop and operate a golf resort centre at the site which will include hotels and golf resorts for rental purpose and high end residential and commercial properties for sales purpose. As at the date of this report, the transaction has not been completed and is subject to fulfillment of certain conditions precedent. Further details of the acquisition had been set out in the Company’s announcements dated 16 August 2016 and 23 August 2016.

### APPRECIATION

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

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

Hong Kong, 30 August 2016

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
REVENUE	4	141,030	147,290
Cost of sales and services		(29,952)	(33,563)
Gross profit		111,078	113,727
Other income and gains, net	4	14,735	26,860
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		(6,693)	(4,926)
Administrative expenses		(70,577)	(97,875)
Other expenses		(39,890)	(4,587)
Finance costs	5	(147,467)	(85,001)
Share of profits of:			
Joint venture		16,483	905
Associates		–	6,899
PROFIT/(LOSS) BEFORE TAX	6	(122,331)	196,752
Income tax	7	(5,965)	(4,582)
PROFIT/(LOSS) FOR THE PERIOD		(128,296)	192,170
Attributable to:			
Shareholders of the Company		(122,952)	192,898
Non-controlling interests		(5,344)	(728)
		(128,296)	192,170
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic	9	HK(1.82) cents	HK2.86 cents
Diluted		HK(1.82) cents	HK2.80 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(128,296)</b>	192,170
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of available-for-sale equity investments, net of income tax of nil	<b>(85,050)</b>	(37,718)
Exchange differences on translation of foreign operations	<b>(106,952)</b>	2,851
Share of other comprehensive loss of:		
Joint venture	<b>(10,531)</b>	(2,161)
Associates	-	(9,231)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL</b>	<b>(202,533)</b>	(46,259)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>(330,829)</b>	145,911
Attributable to:		
Shareholders of the Company	<b>(318,933)</b>	146,366
Non-controlling interests	<b>(11,896)</b>	(455)
	<b>(330,829)</b>	145,911

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>926,585</b>	946,002
Investment properties	<b>5,834,017</b>	5,016,741
Prepaid land lease payments	<b>19,173</b>	19,763
Goodwill	<b>93,106</b>	62,769
Investment in a joint venture	<b>526,253</b>	526,430
Available-for-sale equity investments	<b>639,076</b>	740,069
Deposits paid for acquisitions of businesses	<b>148,315</b>	186,482
Deposit paid for an acquisition of an investment property	<b>–</b>	11,932
Prepayments, deposits and other receivables	<b>546</b>	5,860
	<b>8,187,071</b>	7,516,048
Total non-current assets	<b>8,187,071</b>	7,516,048
<b>CURRENT ASSETS</b>		
Properties held for sale	<b>108,884</b>	96,932
Inventories	<b>920</b>	1,015
Trade receivables	<b>20,737</b>	14,979
Prepayments, deposits and other receivables	<b>305,353</b>	228,447
Due from a joint venture	<b>247,507</b>	252,962
Due from related parties	<b>4,016</b>	736
Restricted cash	<b>207,504</b>	277,682
Cash and cash equivalents	<b>1,929,426</b>	3,077,743
Total current assets	<b>2,824,347</b>	3,950,496
<b>CURRENT LIABILITIES</b>		
Trade payables	<b>141,045</b>	141,150
Other payables and accruals	<b>297,298</b>	294,268
Due to related parties	<b>65,476</b>	634
Bank borrowings	<b>1,034,783</b>	1,807,907
Convertible bonds	<b>425,550</b>	–
Redeemable and convertible equity instrument	<b>596,199</b>	609,725
Income tax payables	<b>37,220</b>	27,755
Provisions for compensation	<b>482,509</b>	497,329
Total current liabilities	<b>3,080,080</b>	3,378,768
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(255,733)</b>	571,728
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>7,931,338</b>	8,087,776

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>		
Due to related companies	<b>32,120</b>	32,160
Bank borrowings	<b>732,490</b>	224,322
Convertible bonds	–	413,074
Guaranteed bonds	<b>2,271,697</b>	2,258,365
Defined benefit plans	<b>16,241</b>	16,609
Deferred tax liabilities	<b>735,303</b>	682,562
Total non-current liabilities	<b>3,787,851</b>	3,627,092
Net assets	<b>4,143,487</b>	4,460,684
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Issued capital	<b>676,659</b>	676,659
Reserves	<b>3,224,828</b>	3,543,761
<b>Non-controlling interests</b>	<b>3,901,487</b>	4,220,420
	<b>242,000</b>	240,264
Total equity	<b>4,143,487</b>	4,460,684

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to shareholders of the Company														
	Note	Issued capital	Share premium account	Contributed surplus	Share option reserve	Capital reserve	Convertible bonds equity reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	PRC statutory reserves	Deferred benefit plan reserve	Retained profits	Total	Non-controlling interests	Total equity
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2016</b>		676,659	1,705,102	367,278	194,415	5,336	247,321	(28,350)	(164,330)	3,004	(3,646)	1,217,631	4,220,420	240,264	4,460,684
Loss for the period		-	-	-	-	-	-	-	-	-	-	(122,952)	(122,952)	(5,344)	(128,296)
Other comprehensive loss for the period															
Changes in fair value of available-for-sale equity investments, net of income tax of nil		-	-	-	-	-	-	(85,050)	-	-	-	-	(85,050)	-	(85,050)
Exchange differences – Translation of foreign operations		-	-	-	-	-	-	-	(100,400)	-	-	-	(100,400)	(6,552)	(106,952)
Share of other comprehensive loss of a joint venture		-	-	-	-	-	-	-	(10,531)	-	-	-	(10,531)	-	(10,531)
<b>Total comprehensive loss for the period</b>		-	-	-	-	-	-	(85,050)	(110,931)	-	-	(122,952)	(318,933)	(11,896)	(330,829)
Acquisition of subsidiaries	15	-	-	-	-	-	-	-	-	-	-	-	-	130,227	130,227
Acquisition of a non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(116,595)	(116,595)
<b>At 30 June 2016</b>		676,659	1,705,102*	367,278*	194,415*	5,336*	247,321*	(113,400)*	(275,261)*	3,004*	(3,646)*	1,094,679*	3,901,487	242,000	4,143,487
<b>At 1 January 2015</b>		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															
Changes in fair value of available-for-sale equity investments, net of income tax of nil		-	-	-	-	-	-	(37,718)	-	-	-	-	(37,718)	-	(37,718)
Exchange differences – Translation of foreign operations		-	-	-	-	-	-	-	2,579	-	-	-	2,579	273	2,852
Share of other comprehensive loss of joint venture		-	-	-	-	-	-	-	(2,161)	-	-	-	(2,161)	-	(2,161)
Share of other comprehensive income of associates		-	-	-	-	-	-	-	(9,231)	-	-	-	(9,231)	-	(9,231)
<b>Total comprehensive income/(loss) for the period</b>		-	-	-	-	-	-	(37,718)	(8,813)	-	-	192,898	146,367	(455)	145,912
Issue of shares upon exercise of share options		1,600	10,229	-	(4,010)	-	-	-	-	-	-	-	7,819	-	7,819
Disposal of subsidiaries		-	-	-	-	-	-	-	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
<b>At 30 June 2015</b>		676,659	1,705,102	367,278	194,416	5,336	247,321	(37,718)	25,496	3,004	(1,737)	1,152,075	4,337,232	131,356	4,468,588

\* These reserve accounts comprise the consolidated reserves of HK\$3,224,828,000 (unaudited) (31 December 2015: HK\$3,543,761,000) in the condensed consolidated statement of financial position as at 30 June 2016.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from operating activities</b>		
<b>Net cash flows from/(used in) operating activities</b>	<b>22,571</b>	(5,591)
<b>Cash flows from investing activities</b>		
Interest received	19,788	38,456
Purchases of items of property, plant and equipment	(104)	(10,931)
Acquisition of investment properties	(157,673)	(144,053)
Acquisition of subsidiaries	(283,759)	–
Investment in a joint venture	–	(94,977)
Deposits paid for the acquisition of businesses	(41,159)	–
Net repayment from a joint venture, an associate and an available-for-sale investment	30,046	550,983
Disposal of subsidiaries	–	376,475
<b>Net cash flows from/(used in) investing activities</b>	<b>(432,861)</b>	715,953
<b>Cash flows from financing activities</b>		
New loans	31,315	424,911
Repayment of loans	(539,094)	(147,153)
Acquisition of a non-controlling interest	(116,595)	–
Exercise of share options	–	7,819
Interest paid	(157,441)	(47,024)
Loan arrangement fees	(13,132)	(10,451)
Other financing activities	(206)	(1,990)
<b>Net cash flows from/(used in) financing activities</b>	<b>(795,153)</b>	226,112
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,205,443)</b>	936,474
<b>Cash and cash equivalents at beginning of period</b>	<b>3,355,425</b>	1,241,756
<b>Effect of foreign exchange rate changes</b>	<b>(13,052)</b>	(954)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,136,930</b>	2,177,276
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	1,929,426	1,356,917
Add: Restricted cash	207,504	820,359
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>2,136,930</b>	2,177,276

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 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 2015 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 AND DISCLOSURES

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 HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	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 usages of properties held 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 a hotel operation 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 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 interest income, finance costs, as well as head office and corporate income/expenses are excluded from such measurement.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 3. OPERATING SEGMENT INFORMATION (Continued)

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

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

	Properties business		Logistics business		Total	
	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2015 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2015 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2015 (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	65,932	74,692	75,098	72,598	141,030	147,290
Fair value gain on investment properties, net	-	-	-	4,552	-	4,552
	<b>65,932</b>	74,692	<b>75,098</b>	77,150	<b>141,030</b>	151,842
<b>Reconciliation:</b>						
Gain on disposal of subsidiaries					-	202,241
Gain on deemed disposal of a partial interest in an associate					-	33,957
Bank interest income					13,017	12,154
Other interest income					1,539	8,226
Foreign exchange differences, net					-	3,125
Other unallocated gains					179	3,355
Revenue, other income and gains, net					<b>155,765</b>	414,900
<b>Segment results:</b>						
The Group	(2,508)	4,784	37,808	37,533	35,300	42,317
Share of profits of:						
Joint ventures	-	-	16,483	905	16,483	905
Associates	-	-	-	6,899	-	6,899
	<b>(2,508)</b>	4,784	<b>54,291</b>	45,337	<b>51,783</b>	50,121
<b>Reconciliation:</b>						
Gain on disposal of subsidiaries					-	202,241
Gain on deemed disposal of a partial interest in an associate					-	33,957
Impairment loss of an available- for-sale investment					(15,942)	-
Bank interest income					13,017	12,154
Other interest income					1,539	8,226
Foreign exchange differences, net					(15,563)	3,125
Other unallocated gains					179	3,355
Corporate and other unallocated expenses					(9,877)	(31,426)
Finance costs					(147,467)	(85,001)
Profit/(loss) before tax					<b>(122,331)</b>	196,752

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Total	
	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Segment assets</b>	<b>3,171,971</b>	3,324,477	<b>5,206,944</b>	4,099,739	<b>8,378,915</b>	7,424,216
<b>Reconciliation:</b>						
Corporate and other unallocated assets					<b>2,632,503</b>	4,042,328
Total assets					<b>11,011,418</b>	11,466,544
<b>Segment liabilities</b>	<b>(700,098)</b>	(726,923)	<b>(193,678)</b>	(162,404)	<b>(893,776)</b>	(889,327)
<b>Reconciliation:</b>						
Corporate and other unallocated liabilities					<b>(5,974,155)</b>	(6,116,533)
Total liabilities					<b>(6,867,931)</b>	(7,005,860)

#### 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 of the Group (other than financial instruments) 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 2016 and 2015, the Group had no single external customer which contributed over 10% of the Group's total revenue for each of the interim periods.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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

Revenue 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 income 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue		
Gross rental income	95,781	91,768
Hotel operation	43,629	48,359
Management fee	1,620	7,163
	<u>141,030</u>	<u>147,290</u>
Other income and gain, net		
Bank interest income	13,017	12,154
Other interest income	1,539	8,226
Foreign exchange differences, net	–	3,125
Others	179	3,355
	<u>14,735</u>	<u>26,860</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 5. FINANCE COSTS

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interests on bank loans and other loans	39,286	52,739
Interest on convertible bonds	11,621	12,344
Imputed interest on convertible bonds (note 13)	22,077	19,918
Interest on guaranteed bonds	74,483	–
	<b>147,467</b>	<b>85,001</b>

### 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Direct cost of rental income	5,272	6,698
Cost of hotel operation	24,680	26,865
Depreciation*	16,614	15,575
Amortisation of prepaid land lease payments	154	2,736
Equity-settled share option expenses <sup>#</sup>	–	20,243
Impairment loss of an available-for-sale investment <sup>&amp;</sup>	15,942	–
Foreign exchange differences, net	15,563	(3,125)

\* Depreciation of HK\$8,890,000 is included in "Cost of sales and services" (six months ended 30 June 2015: HK\$10,239,000) on the face of the condensed consolidated statement of profit or loss.

<sup>#</sup> Equity-settled share option expenses amounting to HK\$20,243,000 are included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss for the six months ended 30 June 2015.

<sup>&</sup> This item is included 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 2016

### 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 prevailing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Mainland China:		
Current	7,393	6,853
Deferred	(1,428)	(2,271)
	<u>5,965</u>	<u>4,582</u>

### 8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

The calculation of the basic loss per share amount for the period is based on the unaudited loss for the period attributable to shareholders of the Company of HK\$122,952,000 (six months ended 30 June 2015: unaudited profit for the period attributable to shareholders of the Company of HK\$192,898,000) and the weighted average number of 6,766,587,849 (six months ended 30 June 2015: 6,755,647,783) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2016 in respect of a dilution as the share options outstanding had no diluting effect and the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2015 is based (i) on the profit for the period attributable to shareholders of the Company; and (ii) the weighted average number of ordinary shares, after adjustment for 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 10. INVESTMENT PROPERTIES

Except for certain investment properties located in Xiamen, Meishan and Qingdao, the PRC, which were acquired during the reporting period upon completion of business acquisition as set out in note 15, and were measured at a total fair value of HK\$816,612,000 as at the date of acquisition, the fair value of the remaining investment properties of the Group as at 30 June 2016 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2015 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 2016.

### 11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2016 and 31 December 2015 included rental income receivable from tenants of the Group's investment properties and room charges and services fee 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:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one month	<b>18,584</b>	14,252
One to three months	<b>2,153</b>	364
Four to six months	–	363
	<b>20,737</b>	14,979



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 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:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one month	<b>100,702</b>	100,756
One to two months	<b>1,032</b>	1,147
Two to three months	<b>444</b>	403
Over one year	<b>38,867</b>	38,844
	<b>141,045</b>	141,150

The trade payables aged over one year represented construction fee payable to certain construction contractors. Except for the aforementioned balance, 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 2016, the summarised information of which is set out as follows:

	<b>PAG Convertible Bonds</b>
Issuance date	12 February 2014
Maturity date	11 February 2019
Redemption option of the convertible bond 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 2016

### 13. CONVERTIBLE BONDS (Continued)

The PAG Convertible Bonds were issued to PA Broad Opportunity VI Limited 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:

	<b>Total (Unaudited) HK\$'000</b>
<b>Principal amount outstanding</b>	
At 1 January 2016 and 30 June 2016	628,196
<b>Liability component</b>	
At 1 January 2016	413,074
Imputed interest expenses ( <i>note 5</i> )	22,077
Exchange realignment	(9,601)
At 30 June 2016	425,550
<b>Equity component (included in the convertible bond equity reserve)</b>	
At 1 January 2016 and 30 June 2016	247,321

### 14. SHARE CAPITAL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<i>Authorised:</i>		
10,000,000,000 ordinary shares of HK\$0.10 each	<b>1,000,000</b>	1,000,000
<i>Issued and fully paid:</i>		
6,766,587,849 ordinary shares of HK\$0.10 each	<b>676,659</b>	676,659

There has been no movement during the period in the Company's issued capital.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 15. BUSINESS COMBINATION

The aggregate provisional fair values of the identifiable assets and liabilities of the subsidiaries acquired during the current period as at their respective dates of acquisition are set out as follows:

	Xiamen Xunda HK\$'000 <i>(note a)</i>	Meishan Xunda HK\$'000 <i>(note b)</i>	Jingchangshun HK\$'000 <i>(note c)</i>	Total HK\$'000
Net assets acquired:				
Property, plant and equipment	3,877	2,022	3,665	9,564
Investment properties	357,882	394,560	64,170	816,612
Construction in progress	–	2,129	–	2,129
Trade receivables	2,510	–	411	2,921
Prepayments, deposits and other receivables	276	5,734	245	6,255
Due from a related company	12,026	–	–	12,026
Cash and cash equivalents	49,882	27,227	354	77,463
Non-current asset classified as held for sale	5,847	8,786	–	14,633
Trade payables	(54,753)	(566)	–	(55,319)
Income tax payables	(431)	(415)	–	(846)
Other payables and accruals	(13,823)	(27,710)	(80)	(41,613)
Due to non-controlling equity holders of subsidiaries	(45,697)	(31,988)	–	(77,685)
Deferred tax liabilities	(17,516)	(36,932)	(11,560)	(66,008)
Bank and other borrowings-current	(19,601)	(19,241)	–	(38,842)
Bank and other borrowings-non current	(100,465)	(116,648)	–	(217,113)
Non-controlling interests	(36,003)	(82,783)	(11,441)	(130,227)
	<u>144,011</u>	<u>124,175</u>	<u>45,764</u>	<u>313,950</u>
Goodwill on acquisition	<u>9,308</u>	<u>20,132</u>	<u>896</u>	<u>30,336</u>
	<u>153,319</u>	<u>144,307</u>	<u>46,660</u>	<u>344,286</u>
Satisfied by cash	<u>153,319</u>	<u>144,307</u>	<u>46,660</u>	<u>344,286</u>
Net cash outflows:				
Cash acquired	49,882	27,227	354	77,463
Cash consideration	(153,319)	(144,307)	(46,660)	(344,286)
Deposits paid for acquisitions in prior year	29,830	29,830	19,666	79,326
	<u>(73,607)</u>	<u>(87,250)</u>	<u>(26,640)</u>	<u>(187,497)</u>
Cash paid in excess of the consideration which are recoverable from the vendors	<u>(67,094)</u>	<u>(29,168)</u>	<u>–</u>	<u>(96,262)</u>
	<u>(140,701)</u>	<u>(116,418)</u>	<u>(26,640)</u>	<u>(283,759)</u>
Contribution since acquisition:				
Revenue	<u>6,211</u>	<u>2,931</u>	<u>129</u>	<u>9,271</u>
Profit/(loss)	<u>268</u>	<u>(3,920)</u>	<u>(109)</u>	<u>(3,761)</u>
Contribution if acquired on 1 January 2016:				
Revenue	<u>11,826</u>	<u>9,659</u>	<u>775</u>	<u>22,260</u>
Loss	<u>(1,029)</u>	<u>(5,923)</u>	<u>(651)</u>	<u>(7,603)</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 15. BUSINESS COMBINATION (Continued)

*Notes:*

- (a) On 1 April 2016, the Group completed the acquisition of 80% equity interest in Xiamen Xunda Hongtong Warehouse Company Limited ("Xiamen Xunda"). This project is engaged in operation of five warehouses in Xiamen City, Fujian Province, the PRC.
- (b) On 1 April 2016, the Group completed the acquisition of 60% equity interest in Meishan Xunda Hongtong Warehouse Company Limited ("Meishan Xunda"). This project is engaged in operation of four warehouses in Meishan City, Sichuan Province, the PRC.
- (c) On 19 January 2016, the Group completed the acquisition of 80% equity interest in Qingdao Jingchangshun Food Co., Ltd ("Jingchangshun"). This project is engaged in operation of cold logistics storage facilities in Chengyang district of Qingdao, Shandong Province, the PRC.
- (d) The Group has elected to measure the non-controlling interests in the subsidiaries acquired at the non-controlling interests' proportionate share of the identifiable net assets of the subsidiaries acquired during the six-month period ended 30 June 2016.
- (e) The fair values of trade receivables, prepayments, deposits and other receivables and amounts due from related parties as at the date of acquisition amounted to HK\$2,921,000, HK\$6,255,000 and HK\$12,026,000 respectively, none of these receivables have been impaired and it is expected that the full contractual amounts can be recovered.

The transaction costs incurred for these acquisitions were immaterial and have been expensed and included in administrative expenses in profit or loss.

The goodwill of HK\$30,336,000 arising from the above acquisitions is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair value of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 16. CAPITAL COMMITMENTS

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

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of businesses	<b>1,598,393</b>	616,265
Construction of logistic facilities	<b>206,451</b>	499,227
Total capital commitments	<b>1,804,844</b>	1,115,492

*Note:* In addition, the Group's share of a joint venture's own capital commitments, which were contracted but not provided for and are not included in the above, amounted to HK\$34,008,000 (31 December 2015: HK\$26,106,000).

### 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	
			<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
<b>An associate of the ultimate holding company</b>				
Beijing Leading Edge Container Services Company Limited	Rental income	(i)	–	1,397
<b>Joint venture</b>				
北京北建通成國際物流有限公司	Interest income	(ii)	<b>5,417</b>	7,375
<b>Non-controlling equity holder of a subsidiary</b>				
天津萬士隆集團有限公司	Rental income	(iii)	<b>207</b>	140
	Consulting and referral fee	(iv)	<b>362</b>	–

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 17. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

- (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 Zhijian Limited and its subsidiaries on 29 May 2015, this transaction is no longer in the Group.
- (ii) The interest income was charged on bank entrusted loans advanced to a joint venture at mutually-agreed rates.
- (iii) The rental income related to the lease of an office by the Group to a non-controlling equity holder of a subsidiary for its business activities.
- (iv) The consulting and referral fees (the "Fees") related to introduction of tenants to enter into tenancy agreements with the Group by a non-controlling equity holder of a subsidiary. The Fees are equal to one-month rental payment under the said tenancy agreements. Details of the transaction are set out in the Company's announcement dated 23 May 2016.
- (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 ("BE Group") acts as a platform for members of BE Group for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 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 were amounted to approximately RMB153.27 million (equivalent to approximately HK\$182.07 million).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 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) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employee benefits	6,646	6,027
Equity-settled share option expenses	—	12,390
Total compensation paid to key management personnel	6,646	18,417

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 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 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Non-current financial asset:				
Prepayments, deposits and other receivables	<b>546</b>	5,860	<b>546</b>	5,860
Non-current financial liabilities:				
Due to related parties	<b>32,120</b>	32,160	<b>32,120</b>	31,982
Bank borrowings	<b>748,731</b>	224,322	<b>914,691</b>	267,427
Guaranteed bonds	<b>2,271,697</b>	2,258,365	<b>2,311,446</b>	2,331,391
	<b>3,050,798</b>	2,514,847	<b>3,291,027</b>	3,630,800



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 19. EVENTS AFTER THE REPORTING PERIOD

- (a) On 4 July 2016, the Group entered into a sale and purchase agreement with Mr. Chan Yuk Cheung, an independent non-executive director of the Company, pursuant to which the Group has conditionally agreed to purchase the 60% issued capital and 60% of all obligation, liabilities and debts of Zhong Jian Jin Bian Jing Ji Te Qu Limited ("ZJJB") at the consideration of US\$178,581,495 (equivalent to approximately HK\$1,392,096,328). ZJJB owns and will develop certain plots of land in Seb Commune, Ta Ches Commune and Chhuk Sor Commune with a total area of approximately 11,905,433 square metres in Cambodia.
- (b) On 24 June 2016, MJQ Investment Limited ("MJQ"), the holder of 35 redeemable and convertible share (the "Redeemable and Convertible Shares") issued by China Logistics Infrastructures (Holdings) Limited ("China Logistics"), a wholly-owned subsidiary of the Company, issued a conversion notice to convert the Redeemable and Convertible Shares held into 35 ordinary shares of China Logistics with a conversion date of 11 July 2016. Following the conversion of the Redeemable and Convertible Shares, the Group's ownership interest in China Logistics was diluted from 100% to 65% without a loss of control and hence China Logistics continues to be accounted for as a subsidiary of the Group. For accounting purposes, any gain or loss on the deemed disposal of China Logistics as a result of this transaction will be recorded in capital reserve as an equity transaction, however, as the conversion was effected shortly before the date of this report, the Group is not yet in a position to disclose the financial impact of the deemed disposal.

In addition, as a result of the conversion, the net current liabilities of HK\$255,733,000 of the Group as at 30 June 2016 will turn to be net current assets of HK\$340,466,000.

- (c) On 16 August 2016, the Group entered into a sale and purchase agreement with Beijing Enterprises Real Estate (HK) Limited ("BEREHK"), the immediate holding company of the Company, pursuant to which the Group has agreed to purchase the entire issued capital of Bellomonte Limited ("Bellomonte"), a then wholly-owned subsidiary of BEREHK, at a cash consideration of US\$3,000,000. The sole asset of Bellomonte is its 49% equity interest in Bellomonte S. A., a company established in Cuba, with principal activities of the construction, development and administration of investments and the subsequent exploitation of tourist facilities in Cuba. Up to the date of approval of these financial statements, the transaction has not yet been completed.

### 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 30 August 2016.

## 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 2016, 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	9,690,000	0.143
Mr. Hu Yebi	Controlled corporation	7,000,000	0.103
		<u>16,690,000</u>	<u>0.246</u>

#### 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 Scheme" below.

Save as disclosed above, as at 30 June 2016, 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 SCHEME

On 18 March 2010, the Company 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 purposes of the Scheme are 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 SCHEME (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 2016:

Name or category of participant	Number of share options				At 30 June 2016	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 2016	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
<b>Directors:</b>								
Mr. Qian Xu	6,000,000	-	-	-	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	6,000,000	-	-	-	6,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	10,000,000	-	-	-	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	-	-	-	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	5,000,000	-	-	-	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	<u>40,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>			
Mr. Zhao Jiansuo	1,500,000	-	-	-	1,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,200,000	-	-	-	3,200,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	<u>4,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700,000</u>			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2016	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 2016	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
<b>Directors: (Continued)</b>								
Mr. Siu Kin Wai	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	6,000,000	-	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	-	-	-	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	-	-	-	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	-	-	-	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	<u>28,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,000,000</u>			
Mr. Yu Luning	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,000,000	-	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	3,000,000	-	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	<u>22,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000,000</u>			
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
	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>			
Mr. Wan Lee Cham	2,500,000	-	-	-	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	-	-	-	2,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2016	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 2016	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
<b>Directors: (Continued)</b>								
Mr. Dong Qilin	3,000,000	-	-	-	3,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	-	-	-	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	-	-	-	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	-	-	-	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	-	-	-	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	19,300,000	-	-	-	19,300,000			
Mr. Li Changfeng	2,500,000	-	-	-	2,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	-	-	-	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	-	-	-	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	-	-	-	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	-	-	-	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	18,800,000	-	-	-	18,800,000			
Mr. Goh Gen Cheung	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	8,337,700	-	-	-	8,337,700			
Mr. Zhu Wuxiang	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2016	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 2016	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
<b>Directors:</b> (Continued)								
Mr. James Chan	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			
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
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 31-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
	39,250,000	-	-	-	39,250,000			
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 31-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
	23,300,000	-	-	-	23,300,000			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2016	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 2016	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
Other employees	149,000,000	-	-	-	149,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
and consultants in aggregate:	250,725,400	-	-	-	250,725,400	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	120,400,000	-	-	-	120,400,000	24-May-13	24-May-13 to 23-May-23	0.574
	141,000,000	-	-	-	141,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	20,000,000	-	-	-	20,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	49,000,000	-	-	-	49,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	730,125,400	-	-	-	730,125,400			
	962,313,100	-	-	-	962,313,100			

\* Mr. Yu Li was re-designated as the Company's consultant upon his resignation from executive director on 27 June 2016.

\*\* Mr. Jiang Xinhao was re-designated as the Company's consultant upon his resignation from executive director on 13 June 2016.

#### Notes:

- The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- Save as disclosed above, at no time during the 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 Scheme", at no time during the six months ended 30 June 2016 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

As at 30 June 2016, 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 held by 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 ("BE Real Estate"). BE Real Estate is deemed to be interested in the shares which BEREHK is interested in.
- (d) Illumination Holdings Limited ("Illumination") holds 87,451,458 shares.
- (e) Beijing Holdings Limited ("BHL") (i) holds 487,166,195 shares; and (ii) is deemed to be interested in the 87,451,458 shares held by Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the shares which Illumination is interested in.
- (f) BE Real Estate and BHL are wholly-owned subsidiaries of Beijing Enterprises Group Company Limited ("BE Group"). BE Group is deemed to be interested in the shares which BE Real Estate and BHL are interested in.
- (g) Thular Limited ("Thular") (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 2016, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## DISCLOSEABLE INFORMATION

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

Changes in information of directors since the date of the Annual Report 2015 of the Company up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Jiang Xinhao resigned as an executive director of the Company, the member of investment and risk management committee, and re-designated as the Company's consultant with effect from 13 June 2016.

Mr. Yu Li resigned as the vice-chairman and an executive director of the Company, and re-designated as the Company's consultant with effect from 27 June 2016.

Mr. Qian Xu was appointed as the chairman of the Company with effect from 27 June 2016.

Mr. Hu Yebi was appointed as the vice-chairman of the Company with effect from 27 June 2016.

Mr. Siu Kin Wai resigned as chief financial officer and company secretary of the Company, and was appointed as the president of the Company with effect from 27 June 2016.

Mr. Wan Lee Cham was appointed as an executive director and chief financial officer of the Company with effect from 27 June 2016.

Mr. Dong Qilin was appointed as an executive director and chief operating officer of the Company with effect from 27 June 2016.

Mr. Zhao Jiansuo and Mr. Li Changfeng were appointed as the executive directors of the Company with effect from 27 June 2016.

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

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

## DISCLOSEABLE INFORMATION

### SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	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>
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>
12 November 2015	Subscription agreement for issuance of bonds	USD294.5 million	November 2018	<i>Note 1</i>
25 August 2016	Team loan facility with a bank	HKD500 million	August 2018	<i>Note 1</i>

#### Notes:

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

### 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 2016.

### 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 CG Code set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2016, 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 2016, 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 resigned as a chairman of the Company on 21 January 2014. Until 27 June 2016, 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, our vice-chairman was unable to attend the annual general meeting held on 15 June 2016 (the “2016 AGM”) 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 2016 AGM. The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code. On 27 June 2016, Mr. Qian Xu was appointed as the chairman of the Board.

## REVISION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of references of the audit committee were revised on 24 March 2016 to reflect the additional responsibilities of the audit committee arising from the Stock Exchange’s amendments to risk management and internal control under the CG Code applicable to listed companies with an accounting period beginning on or after 1 January 2016.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director’s securities transaction during the six months ended 30 June 2016.

## 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.

## CORPORATE GOVERNANCE REPORT

During the six months ended 30 June 2016, the members of the investment and risk management committee were Mr. Hu Yebi (Chairman), Mr. Qian Xu, 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.

### AUDIT COMMITTEE

The audit committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls, risk management and financial reporting of the Group, including review of the unaudited interim results for the six months ended 30 June 2016 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 2016, the audit committee members were 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 2016, the majority of the remuneration committee members were independent non-executive directors. Members of the remuneration committee were 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 2016, the majority of the nomination committee members were independent non-executive directors. Members of the nomination committee were Mr. James Chan (Chairman), Mr. Goh Gen Cheung, Mr. Qian Xu, Mr. Yu Luning, Mr. Song Lishui and Mr. Chan Yuk Cheung.