



北京建設 BPHL

BEIJING PROPERTIES (HOLDINGS) LTD

*(incorporated in Bermuda with limited liability)*

Stock Code: 925



2017

INTERIM

REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. QIAN Xu (*Chairman*)  
Mr. HU Yebi (*Vice Chairman*)  
Mr. SIU Kin Wai (*Chief Executive Officer*)  
Mr. ZHAO Jiansuo  
Mr. LI Shuping  
Mr. DONG Qilin  
Mr. LI Changfeng  
Mr. YU Luning  
Mr. ANG Renyi  
Mr. CHENG Ching Fu (*Chief Financial Officer*)  
(appointed on 7 July 2017)  
Mr. WAN Lee Cham (resigned on 7 July 2017)

### Independent Non-Executive Directors

Mr. GOH Gen Cheung  
Mr. ZHU Wuxiang  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming (appointed on 15 May 2017)  
Mr. CHAN Yuk Cheung (resigned on 15 May 2017)

## AUDIT COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)  
Mr. ZHU Wuxiang  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming (appointed on 15 May 2017)  
Mr. CHAN Yuk Cheung (resigned on 15 May 2017)

## 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

## NOMINATION COMMITTEE

Mr. James CHAN (*Chairman*)  
Mr. GOH Gen Cheung  
Mr. QIAN Xu  
Mr. YU Luning  
Mr. SONG Lishui  
Mr. XIE Ming (appointed on 15 May 2017)  
Mr. CHAN Yuk Cheung (resigned on 15 May 2017)

## REMUNERATION COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)  
Mr. YU Luning  
Mr. James CHAN  
Mr. SONG Lishui  
Mr. XIE Ming (appointed on 15 May 2017)  
Mr. CHAN Yuk Cheung (resigned on 15 May 2017)

## COMPANY SECRETARY

Mr. CHENG Ching Fu

## STOCK CODE

925

## AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu  
Mr. SIU Kin Wai

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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, HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITORS

Ernst & Young

## WEBSITE

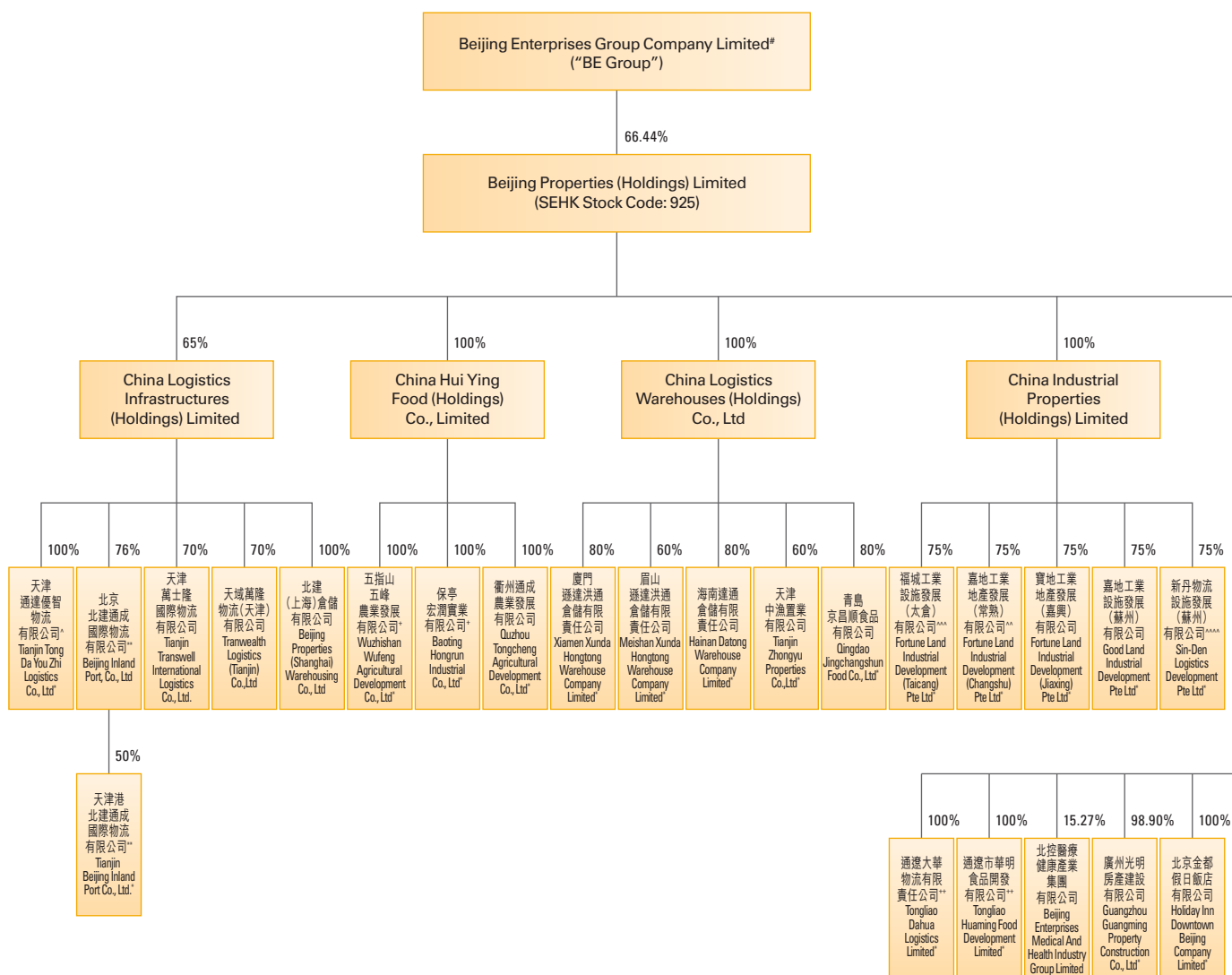
[www.bphl.com.hk](http://www.bphl.com.hk)

## 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 29 August 2017



# BE Group indirect held 66.44% of the issued share capital of Beijing Properties (Holdings) Limited (the "Company") through its wholly-owned subsidiaries.

\* For identification purpose only

\*\* Joint Venture

^ The acquisition transaction has been completed on 15 January 2017

^^ The acquisition transaction has been completed on 20 January 2017

^^^ The acquisition transaction has been completed on 15 February 2017

^^^^ The acquisition transaction has been completed on 23 May 2017

+ The acquisition transaction has been completed on 10 May 2017

++ The acquisition transaction has been completed on 31 May 2017



# MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2017 (the "2017 Period"), the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK\$115.06 million, representing an increase of approximately HK\$8.05 million as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK\$107.01 million recorded in the six months ended 30 June 2016 (the "2016 Period").

## BUSINESS REVIEW

After several years of development and expansion, the Group's logistic property business has laid down a solid foundation and is expected to generate stable cash inflow and profit upon the completion of certain projects in the next two to three years. To pave the way for further development, the Group also launched the industrial property business at the end of 2016 and will participate in the development of the Sino-Cambodian Phnom Penh Economic Zone in Cambodia under the guidance of the national Belt and Road initiative. All in all, the property business of the Group will be diversified and professional in order to secure more income streams and provide better returns for the shareholders.

The Group currently engages in the following businesses:

### 1) High-end and modern general warehouses

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

Name of project company	Effective interest owned or expected to be owned by the Company (%)	Rentable area (sq. m.)	Rentable area in operation (sq. m.)	Occupancy rate as at 30 June (%)		Major tenants
				2017	2016	
Beijing Inland Port Co., Ltd. ("BIPL")*	49.4	605,360	-	-	-	Best Logistics, San Hui Food Logistics, etc (Note 1)
Tianjin Beijing Inland Port Co., Ltd ("TBIPL")*	24.7	176,000	-	-	-	(Note 2)
Beijing Properties (Shanghai) Warehousing Co., Ltd ("Beijing Properties (Shanghai)")	65	211,554	211,554	<b>69.89</b>	91.49	COSCO, Kerry Logistics, Sumitomo, etc
Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics")	45.5	24,321	24,321	<b>95.79</b>	88.19	UPS, Kerry Logistics, COSCO Air, etc
Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics")	45.5	34,296	34,296	<b>100</b>	100	SF Express (Note 3)
Xiamen Xunda Hongtong Warehouse Company Limited ("Xiamen Xunda")	80	83,838	83,838	<b>86.87</b>	100	Amazon, JD.com, China Merchants Logistics, etc
Meishan Xunda Hongtong Warehouse Company Limited ("Meishan Xunda")	60	97,632	97,632	<b>37.48</b>	45.06	Amazon, etc
Hainan Datong Warehouse Company Limited ("Hainan Datong")	80	48,872	48,872	<b>77.83</b>	-	JD.com

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of project company	Effective interest owned or expected to be owned by the Company (%)	Rentable area (sq. m.)	Rentable area in operation (sq. m.)	Occupancy rate as at 30 June		Major tenants
				(%)	(%)	
				2017	2016	
Tianjin Tong Da You Zhi Logistics Co., Ltd. ("Tianjin Tong Da")	65	16,083	16,083	100%	-	Kerry Logistics
He Chao Logistics (Shenyang) Co., Ltd. ("He Chao Logistics")	52	52,395	-	-	-	(Note 4)
Tongliao Dahua Logistics Limited ("Tongliao Dahua")	100	55,000	-	-	-	(Note 5)
Tongliao Huaming Food Development Limited ("Tongliao Huaming")	100	55,000	-	-	-	Xiecheng Trading, 盛泰 and 時代眾和 (Note 6)
Sin-Den Logistics Development Pte Ltd. ("Sin-Den")	75	104,803	-	-	-	(Note 7)
Xian Jide International Warehouses Company Limited ("Xian Jide")	90	165,000	-	-	-	(Note 8)
Total		1,730,154	516,596			

\* Joint venture of the Group.

Note 1: These tenants of BIPL had signed legally-binding letters of intent and have paid deposits.

Note 2: TBPL has obtained the land transfer confirmation of its land on 22 February 2017. This project is currently going through the planning and designing stage. It is expected to be ready for construction by early 2018 and is expected to be completed by the end of 2018. Many potential clients are making enquiry about this project due to its prime location.

Note 3: The whole area of 34,296 sq. m. of Phase I and Phase II of Transweath Logistics has been leased to SF Express.

Note 4: The acquisition of this project is expected to be completed by October 2017 and the pre-lease status of which is approximately 80%-leased.

Note 5: This project is currently going through the planning and designing stage.

Note 6: This project is currently going through the planning and designing stage. It is expected to commence construction by early 2018 and is expected to be completed by the end of 2018. The tenants had signed legally-binding letters of intent and have paid deposits.

Note 7: The land of this project is expected to be obtained by September this year.

Note 8: The land of this project is expected to be obtained by September this year.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (a) Majuqiao Logistics Park is the largest investment project to be developed and operated by BIPL and the Group. It will become one of the largest comprehensive logistics parks in northern China upon completion. The whole project will be completed by five phases. BIPL obtained the land lots for Phase I and Phase II of this project on 3 November 2015. Their construction works started on 19 September 2016 and 28 February 2017, respectively, and are progressing on schedule. Furthermore, the Group obtained the land lot for Phase III on 12 May 2017 at the minimum bidding price of RMB620 million. Phase III is expected to commence construction in early 2018. Upon the completion of the whole project, it will have a total rentable area of approximately 605,360 sq. m., which includes a rentable area of approximately 516,460 sq. m. for warehouse and a rentable area of approximately 88,900 sq. m. for commercial use. Phase I is expected to be entirely completed by the end of December 2017. All rentable area under construction has been pre-leased. Phase II is expected to be entirely completed by the end of 2018. All rentable area of Phase II under construction has also been pre-leased. The entire Majuqiao Logistics Park is expected to be completed by the end of 2019.

In January 2017, the government of Beijing approved and designated Majuqiao Logistics Park as one of the cross-border e-commerce industrial park to co-operate with other logistics and e-commerce parks in Tianjin and Hebei as well as to embrace the relevant policies of the Tianjin Free-Trade Zone and integrated cross-border e-commerce zone so as to realise regional integration and mutual support in the future. Such policies are expected to further boost the attractiveness of the park and greatly facilitate future tenant solicitation.

- (b) TBIPL is an equity joint venture between BIPL and Tianjin Port Holdings (天津港集團) owned as to 50% each. It is designed with approximately 96,000 sq. m. of modern cold storage warehouses, approximately 10,000 sq. m. of office space and approximately 70,000 sq. m. of stockyard. Two tenants agreed to lease the whole area of the modern cold storage warehouses, and contracts will be concluded no later than the end of October 2017.
- (c) Beijing Properties (Shanghai) consists of 23 warehouses. The occupancy rate of the rentable area was approximately 69.89% as at 30 June 2017, while the average occupancy rate was approximately 68.35% for the 2017 Period. In comparison, the occupancy rate of the rentable area was approximately 91.49% as at 30 June 2016 and the average occupancy rate was approximately 88.88% for the 2016 Period. The decrease in occupancy rate was due to the facts that the export performance of China remained unstable and the supply of warehouses nearby swelled. The occupancy rate of this project in 2017 is expected to drop slightly further.
- (d) The warehouses of WSL Logistics are still the sole bonded warehouse of Tianjin Binhai International Airport. The occupancy rate of the rentable area was approximately 95.79% as at 30 June 2017, while the average occupancy rate was approximately 90.6% for the 2017 Period. In comparison, the occupancy rate of the rentable area was approximately 88.19% as at 30 June 2016 and the average occupancy rate was approximately 86.32% for the 2016 Period. The occupancy rates for both periods remained broadly stable.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (e) Subsequent to the delivery of Phase II to SF Express in November 2016, Phase I and Phase II of the warehouses of Transwealth Logistics with a total area of 34,296 sq. m. have been fully leased to SF Express.
- (f) Xiamen Xunda possesses 5 warehouses in Xiamen City, Fujian Province with a total rentable area of 83,838 sq.m., which has been leased to three major players in the e-commerce industry of China. The occupancy rate of the rentable area was approximately 86.87% as at 30 June 2017, while the average occupancy rate was approximately 86.67% for the 2017 Period. In comparison, the occupancy rate of the rentable area was approximately 100% as at 30 June 2016 and the average occupancy rate was approximately 95.95% for the 2016 Period.
- (g) Meishan Xunda possesses 4 warehouses in Meishan City, Sichuan Province with a total rentable area of approximately 97,632 sq. m. The occupancy rate of the rentable area was approximately 37.48% as at 30 June 2017, while the average occupancy rate was approximately 37.48% for the 2017 Period. In comparison, the occupancy rate of the rentable area was approximately 45.06% as at 30 June 2016 and the average occupancy rate was approximately 53.54% for the 2016 Period.
- (h) The acquisition of 80% of equity interest in Hainan Datong was completed in 1 December 2016. Hainan Datong possesses 2 warehouses in Chengmai County, Haikou City of Hainan Province with a total rentable area of 48,872 sq. m., of which 7,399.25 sq. m. has been leased to JD.com. The occupancy rate of the rentable area was approximately 77.83% as at 30 June 2017 while the average occupancy rate was approximately 77.83% for the 2017 Period.

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

- (a) On 6 November 2015, the Group entered into a framework agreement with several parties to acquire 80% equity interests in He Chao Logistics, which is the owner 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 52,395 sq. m. A supplemental agreement entered into between the Group and several parties in relation to this project on 14 July 2017 amended certain provisions in relation to, among other matters, prepayment and the deadline for the conditions precedent to be satisfied. The Group expects to complete the acquisition of this project by October this year.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (b) The Group completed the acquisitions of the entire equity interests of Tongliao Dahua and Tongliao Huaming on 31 May 2017. Development of Tongliao Dahua is currently in the planning stage and may be carried out upon the expiry of the existing food storage contract depending on the circumstances by then. Tongliao Huaming, on the other hand, is actively preparing for construction as only empty factories are standing on the land while 3 local foodstuff and trading companies has expressed their intent to lease all the proposed area, signed legally-binding letters of intent and paid deposits. Such preparation works include planning, design and the application for construction works commencement permit. This project is expected to commence construction by early 2018 and to be completed and delivered to the clients by the end of 2018.
- (c) Sin-Den is a 75% owned subsidiary of the Group established to construct approximately 104,803 sq. m. of high-end modern general warehouses. The Group believes that as the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. With its prime location, it is believed that this project will be leased out and will generate income and profit as soon as its development is completed in the future.
- (d) On 14 July 2017, the Group entered into a joint venture agreement with an independent third party to establish Xian Jide in Xian. Xian Jide is owned as to 90% by the Group and plans to construct 165,000 sq. m. of high-end modern general warehouses. It expects to obtain the relevant land in September 2017, commence construction by mid-2018, and complete and deliver the project to the tenants by mid-2019. This project is currently going through the planning and design stage. Liaison with potential tenants is already in active progress.

As shown above, the Group has been focusing on the establishment of a nationwide network of high-end modern general warehouses mainly around Beijing, Tianjin, Shanghai and other key logistics hubs. However, the Group is now cautiously and actively setting foot in second-tier cities given the rapid development of e-commerce in China. In view of the rising cost of acquiring well-established projects in China, the Group has also adopted a dual strategy comprising of acquisition and development in order to reduce its average investment cost and maximise its profit with the lower land premium of its development projects. The Group adjusts its investment strategies based on market development from time to time in the interest of its shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2) Cold chain logistics warehouses

Another development focus of the Group is to establish nationwide cold chain logistics facilities.

The Group currently possesses an aggregate rentable volume of 53,000 tons, details are as follows:

Name of project companies	Effective interest owned by the Company (%)	Rentable volume (ton)	Rentable volume in operation (ton)	Occupancy rate as at 30 June		Major Tenants
				(%)	(%)	
				2017	2016	
Tianjin Zhongyu Properties Co. Ltd. ("Tianjin Zhongyu")	60	45,000	45,000	<b>70.89</b>	1.97	Tianjin Aoshun Container Shipping Co., Ltd.  Beijing Central Key Trading Co., Ltd.  Qingdao New Ocean Line Co., Ltd.
Qingdao Jingchangshun Food Co., Ltd. ("Qingdao Jingchangshun")	80	8,000	8,000	<b>73.93</b>	32.48	China National Fisheries Corp.

- (a) Phase I of Tianjin Zhongyu has a carrying storage capacity of approximately 45,000 tons. The occupancy rate of the rentable volume was approximately 70.89% as at 30 June 2017 as compared with approximately 1.97% as at 30 June 2016. The average occupancy rate was approximately 52.3% for the 2017 Period, as compared with approximately 1.73% for the 2016 Period. There is spare land of approximately 53,000 sq. m. 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. Since the Tianjin explosion in 2015, many potential tenants have changed their unloading locations to Qingdao and Dalian. As such, demand for Phase I has been delayed and the occupancy rate as at 30 June 2016 was relatively low. The tenancy situation has been improving continuously since July 2016 as the potential tenants return to Tianjin as their food unloading port in the 2017 Period.
- (b) 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 sq. m. with cold warehouses of approximately 6,785.84 sq. m., which have a carrying storage capacity of approximately 8,000 tons. The occupancy rate of the rentable volume was approximately 73.93% as at 30 June 2017 as compared with approximately 32.48% as at 30 June 2016. The average occupancy rate was approximately 73.97% for the 2017 Period, as compared with approximately 22.77% for the 2016 Period. Factors leading to the relatively low occupancy rate of the cold storage warehouses for the 2016 Period included the tenants' business cycles and the changes in food processing laws. After the considerable efforts of the project management team, the project's occupancy rate improved significantly as two long-term tenants have been secured.

Although the performance of the cold chain logistics facilities has improved significantly as compared with the same period last year, the operation failed to generate appropriate returns because the projects will only be able to generate significant profit after completing the second phases. Currently, the Group is actively planning for the second phase of these projects. Furthermore, the Group is also re-designing its business model along the whole cold logistics chain with the aim of enhancing the profitability of its cold chain logistics business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3) Specialised wholesale markets

Quzhou Tongcheng Agriculture Development Co., Ltd. (“Quzhou Tongcheng”) runs a project in collaboration with the People’s Government of Quzhou City to develop a modern agricultural wholesaling market, which is a newly developed complex containing shops and trading centre for the relocation 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. Phase I commenced operation on 18 August 2015 and has a rentable area of 39,373 sq. m., of which 13,488 sq. m. for vegetable market has achieved an occupancy rate of 96.15%. Part I of Phase II has commenced operation from January 2017 and has a rentable area of 90,926 sq. m., of which 18,234 sq. m. for fruit market has achieved occupancy rate of 100%. The construction of Part II of Phase II is expected to be completed on or before December 2017 and will include a planned rentable area of 39,858 sq. m. which consists of warehouses, cold-chain warehouses and a hotel. Phase III is currently under planning stage and is expected to have an operational area of approximately 147,321 sq. m., which consists of a warehouse of a planned area of 11,987 sq. m. and other commercial ancillary facilities.

### 4) Industrial properties

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

Name of group company	Effective interest (%)	Rentable area (sq. m.)	Rentable area in operation (sq. m.)	Development status
Fortune Land Industrial Development (Taicang) Pte Ltd	75%	66,396	66,396	The construction was completed in March 2017 and one of the factories with an area of approximately 5,500 sq. m. has been leased out
Fortune Land Industrial Development (Changshu) Pte Ltd	75%	Phase I: 68,607 Phase II: 104,087	–	The land has been obtained
Fortune Land Industrial Development (Jiaxing) Pte Ltd	75%	95,170	–	The land has been obtained
Good Land Industrial Development Pte Ltd	75%	65,191	–	The land has been obtained
Total		399,451	66,396	

## MANAGEMENT DISCUSSION AND ANALYSIS

These projects are all developed by the joint venture companies after acquiring the lands. The joint venture partner of the Group, SSinolog (China) Holding I Pte. Ltd., has successful track records in the development of industrial parks in the Yangtze River Delta. In view of this, many local governments were willing to provide preferential land offer to us for new project development at a reasonable price. As such, we expect the future incomes and returns from these industrial properties will be remarkable.

Since committed factory tenants usually have to make substantial capital investment in respect of their production lines, the terms of factory tenancies, ranging from 10 to 20 years in general, are usually longer than those of logistics warehouses. Therefore, we also expect the profits and cash flows from the industrial properties to be more stable and sustainable in the future.

### 5) Belt & Road

Under the guidance of the national Belt and Road initiative and with a view to achieve globalisation of state-owned enterprises, the Group has decided, after thorough study, to invest in Zhong Jian Jin Bian Jing Ji Te Qu Ltd. (the “Sino-Cambodian SEZ”) in Cambodia, which is the closest partner of China among Southeast Asian countries, so as to develop a Belt and Road platform for Chinese enterprises.

The Sino-Cambodian SEZ is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. According to the current plan, this project has a target site area of 30,000,000 sq. m. Certificate for approximately 14,868,696 sq. m. of the land has been obtained. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the Sino-Cambodian SEZ will be developed into a special zone featuring financial, technology, processing, logistics, commercial, residential and tourism facilities. The Sino-Cambodian SEZ is positioned as the preferential and connecting platform for Chinese enterprises to share resources while investing in Cambodia. The custom, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer one-stop services to enterprises within the special zone. The Group will mainly engage in the first-class development of the land and the sale of such land to Chinese enterprises upon completion, as well as the management, of the zone.

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

The Group believes that thanks to the stable and amicable long-term relation between China and Cambodia, as well as its effective control on land acquisition costs, the sale of such land will create fruitful returns in the future.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 6) Commercial properties

- (a) Guangzhou Guangming Property Construction Co., Ltd. (“Guangzhou Guangming”) owns 99% interest in Metro Mall. The mall is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. Metro Mall has a gross floor area of approximately 62,000 sq. m., and is an 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. Currently, the occupancy rate of the rentable area was approximately 81.87% as at 30 June 2017 and the average occupancy rate is maintained at approximately 81.02% for the 2017 Period.
  
- (b) Holiday Inn Downtown Beijing Company Limited (“BJ Holiday Inn”) is a wholly-owned subsidiary of the Group, and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travellers in 北禮士路 (near the Financial Street, Xicheng District), Beijing. The occupancy rate was approximately 87.42% as at 30 June 2017 and the average occupancy rate was approximately 79.47% for the 2017 Period. The hotel is a cash-generating asset which can sustain its own operation and distribute stable dividend to the Company when needed.

### BUSINESS PROSPECTS

Being a state-owned enterprise with years of operating experience, the Group has an important edge over its competitors in obtaining land notwithstanding the recent difficulties in the acquisition of land. Leveraging on the strength of its parent, the Group is also able to secure funding at relatively low finance costs with ease. The current average finance rate of the Group is approximately 4.6%, which is lower than that of 8% to 10% of other private property developers. Most importantly, the Group has established a stable customer base that includes Kerry Logistics, MOL Logistics, Nippon Express, Sinotrans, SF Express, JD.com and other large-scale corporations from diversified sectors over the years. To the Group, such stable customer relations represent valuable assets and provide potential tenants to new projects.

The Group believes that its investment projects, despite being under development, will generate profits upon their completion and expects to enjoy fruitful return and business success by then. The Group is confident that it will continue to achieve success with the above edge.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and gross profit analysis

The revenue (net of business tax) for the 2017 Period amounted to approximately HK\$162.84 million, representing an increase of approximately HK\$21.81 million or 15.46%, from approximately HK\$141.03 million for the 2016 Period. The gross profit for the 2017 Period amounted to approximately HK\$122.66 million, representing an increase of approximately HK\$11.58 million or 10.42%, from approximately HK\$111.08 million for the 2016 Period. The increase in revenue was primarily attributable to the revenue contribution from new acquisitions during the second half of 2016.

Name of assets	2017		2016		Change	
	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %	Revenue HK\$'000	GP Margin %
Shanghai WGQ	42,867	96.30	55,524	96.62	(12,657)	(0.32)
WSL Logistics	6,411	93.21	7,268	99.83	(857)	(6.62)
Transwealth Logistics	5,610	98.31	2,087	97.60	3,523	0.71
Xiamen Xunda	14,994	79.31	5,416	89.51	9,578	(10.20)
Meishan Xunda	4,740	96.01	2,430	98.52	2,310	(2.51)
Hainan Datong	6,170	76.65	–	–	6,170	N/A
Tianjin Tong Da	2,497	87.67	–	–	2,497	N/A
Tongliao Dahua	129	100.00	–	–	129	N/A
Tianjin Zhongyu	7,014	39.15	291	(60.14)	6,723	99.29
Qingdao Jingchangshun	1,804	59.31	775	4.52	1,029	54.79
Quzhou Tongcheng	3,042	100.00	1,306	83.15	1,736	16.85
Metro Mall	22,496	81.97	22,304	94.18	192	(12.21)
Holiday Inn BJ	45,062	46.83	43,629	43.43	1,433	3.4
The Group	162,836	75.33	141,030	78.76	21,806	(3.43)

## MANAGEMENT DISCUSSION AND ANALYSIS

### **High-end and modern general warehouses**

#### ***Shanghai WGQ***

The revenue contribution of Beijing Properties (Shanghai) for the 2017 Period amounted to approximately HK\$42.87 million, representing a decrease of approximately HK\$12.65 million or 22.78% from approximately HK\$55.52 million for the 2016 Period. The decrease was primarily attributable to the decrease in average occupancy rate caused by the unstable export performance in China and the supply of nearby warehouses. The gross profit margin slightly decreased from approximately 96.62% for the 2016 Period to approximately 96.30% for the 2017 Period.

#### ***WSL Logistics***

The revenue contribution of WSL Logistics for the 2017 Period amounted to approximately HK\$6.41 million, representing a decrease of approximately HK\$0.86 million or 11.83% from approximately HK\$7.27 million for the 2016 Period. The gross profit margin decreased from approximately 99.83% for the 2016 Period to approximately 93.21% for the 2017 Period.

#### ***Transwealth Logistics***

The revenue contribution of Transwealth Logistics for the 2017 Period amounted to approximately HK\$5.61 million, representing an increase of approximately HK\$3.52 million, or 168.42%, from approximately HK\$2.09 million for the 2016 Period. The increase in revenue was primarily attributable to the revenue of Phase II recognised since November 2016. The gross profit margin slightly increased from 97.60% for the 2016 Period to approximately 98.31% for the 2017 Period.

#### ***Xiamen Xunda***

The revenue contribution of Xiamen Xunda for the 2017 Period amounted to approximately HK\$14.99 million, representing an increase of approximately HK\$9.57 million, or 176.57%, from approximately HK\$5.42 million for the 2016 Period. The increase in revenue was primarily attributable to the full period revenue recognised for the 2017 Period since the completion of the acquisition of the Xiamen Xunda on 1 April 2016. The gross profit margin decreased from 89.51% for the 2016 Period to approximately 79.31% for the 2017 Period.

#### ***Meishan Xunda***

The revenue contribution of Meishan Xunda for the 2017 Period amounted to approximately HK\$4.74 million, representing an increase of approximately HK\$2.31 million, or 95.06%, from approximately HK\$2.43 million for the 2016 Period. The increase in revenue was primarily attributable to full period revenue recognised for the 2017 Period since the completion of the acquisition of the Meishan Xunda on 1 April 2016. The gross profit margin slightly decreased from 98.52% for the 2016 Period to approximately 96.01% for the 2017 Period.

#### ***Hainan Datong***

The acquisition of Hainan Datong was completed on 1 December 2016. The revenue contribution of Hainan Datong for the 2017 Period amounted to approximately HK\$6.17 million. The gross profit margin was 76.65% for the 2017 Period.

#### ***Tianjin Tong Da***

The acquisition of Tong Da Investments was completed on 3 January 2017. The revenue contribution of Tianjin Tong Da for the 2017 Period amounted to approximately HK\$2.50 million. The gross profit margin was 87.67% for the 2017 Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Tongliao Dahua***

The acquisition of Tongliao Dahua was completed on 31 May 2017. The revenue contribution of Tongliao Dahua for the 2017 Period amounted to approximately HK\$0.13 million. The gross profit margin was 100.00% for the 2017 Period.

### **Cold chain logistics warehouses**

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

The revenue contribution of Tianjin Zhongyu for the 2017 Period amounted to approximately HK\$7.01 million, representing an increase of approximately HK\$6.72 million from approximately HK\$0.29 million for the 2016 Period. The increase was primarily attributable to the increase in average occupancy rate. The gross profit margin was 39.15% for the 2017 Period.

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

The revenue contribution of Qingdao Jingchangshun for the 2017 Period amounted to approximately HK\$1.80 million, representing an increase of approximately HK\$1.02 million, or 130.77%, from approximately HK\$0.78 million for the 2016 Period. The increase was primarily attributable to the increase in the provision of value-added services. The gross profit margin was 59.31% for the 2017 Period.

### **Specialised wholesale markets**

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

The revenue contribution of Quzhou Tongcheng for the 2017 Period amounted to approximately HK\$3.04 million, representing an increase of approximately HK\$1.73 million, or 132.06%, from approximately HK\$1.31 million for the 2016 Period. The increase was primarily attributable to the completion of Phase II in November 2016. The gross profit margin increased from 83.15% for the 2016 Period to approximately 100.00% for the 2017 Period.

### **Commercial properties**

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

The revenue contribution of Metro Mall for the 2017 Period amounted to approximately HK\$22.50 million, representing an increase of approximately HK\$0.20 million, or 0.90%, from approximately HK\$22.30 million for the 2016 Period. The gross profit margin decreased from approximately 94.18% for the 2016 Period to approximately 81.97% for the 2017 Period.

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

The revenue 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 2017 Period amounted to approximately HK\$45.06 million, which represented an increase of approximately HK\$1.43 million, or 3.28%, from approximately HK\$43.63 million for the 2016 Period. The gross profit margin slightly increased from approximately 43.43% for the 2016 Period to approximately 46.83% for the 2017 Period. The average room occupancy rate was approximately 79.47%. The increase was primarily attributable to the increase in the average room occupancy rate and the sales revenue of food and beverage.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

During the 2017 Period, the net other income and gains were approximately HK\$89.72 million, which represented a sharp increase of approximately HK\$74.98 million from approximately HK\$14.74 million for the 2016 Period. The increase was mainly attributable to the combined net effect of the: (i) increase of approximately HK\$13.82 million in bank interest income; (ii) increase of approximately HK\$9.80 million in other interest income; (iii) foreign exchange differences turned from a loss of approximately HK\$15.56 million for the 2016 Period which was recognised as “other expenses” to a gain of approximately HK\$43.50 million for the 2017 Period which was recognised as “other income and gains”; and (iv) gain on bargain purchase of a subsidiary of approximately HK\$5.39 million for the 2017 Period.

### **Selling expenses**

During the 2017 Period, the selling expenses were approximately HK\$7.62 million, which represented an increase of approximately HK\$0.93 million, or 13.90%, from approximately HK\$6.69 million for the 2016 Period. The increase was primarily due to the selling expenses incurred for the business of specialised wholesale markets.

### **Administrative expenses**

During the 2017 Period, the administrative expenses were approximately HK\$92.47 million, which represented an increase of approximately HK\$21.89 million, or 31.01%, from approximately HK\$70.58 million for the 2016 Period. The increase was primarily due to legal and professional fee incurred for several substantial acquisitions.

### **Other expenses**

During the 2017 Period, the other expenses were approximately HK2.55 million, which represented a decrease of approximately HK\$21.4 million, or 89.35%, from approximately HK\$23.95 million for the 2016 Period. The decrease was attributable to the foreign exchange differences turned from a loss of approximately HK\$15.56 million for the 2016 Period which was recognised as “other expenses” to a gain of approximately HK\$43.50 million for the 2017 Period which was recognised as “other income and gains”.

### **Finance costs**

During the 2017 Period, the finance cost was approximately HK\$195.55 million, representing an increase of approximately HK\$48.08 million, or 32.60%, from approximately HK\$147.47 million for the 2016 Period. The finance costs mainly included: (i) imputed interest and coupon interest on PAG Convertible Bonds of approximately HK\$24.54 million and approximately HK\$10.95 million respectively (2016 Period: approximately HK\$22.08 million and approximately HK\$11.62 million respectively); (ii) interest on bank and other loans of approximately HK\$46.81 million, which increased by approximately HK\$7.52 million, or 19.14%, from approximately HK\$39.29 million for the 2016 Period mainly due to the increase in average bank borrowing; and (iii) interest on USD guaranteed bonds issued in November 2015 and March 2017 of approximately HK\$74.96 million and HK\$38.29 million (2016 Period: approximately HK\$74.48 million), respectively.

### **Share of results of joint ventures**

During the 2017 Period, the share of loss of a joint venture of approximately HK\$2.52 million was contributed solely by BIPL, which represented a decrease of HK\$19.0 million from the share of profits of approximately HK\$16.48 million for the 2016 Period. The decrease was primarily due to the decrease in interest income and government grant received.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Income tax expense**

Income tax expense for the 2017 Period included current income tax of HK\$4.25 million (2016 Period: HK\$7.39 million). Deferred tax charge for the 2017 Period was HK\$5.83 million (2016 Period: deferred tax credit of HK\$1.43 million) which arose from the temporary tax difference of investment properties.

### **Other comprehensive results for equity investments designated as fair value**

During 2017 Period, an increase in fair value was approximately HK\$111.39 million, mainly due to the increase in closing market price as at 22 May 2017, the day of reclassification of the respective equity investment to investment in associate, of BE M&H comparing to the last year.

### **Investment properties**

Investment properties increased by approximately HK\$861.59 million mainly due to the new acquisitions completed during the 2017 Period.

### **Goodwill**

Goodwill increased by approximately HK\$51.89 million, mainly due to the new acquisition of the Tongliao project in the 2017 Period.

### **Investment in a joint venture**

Investment in joint venture increased by approximately HK\$21.09 million, mainly due to the appreciation of Renminbi during the 2017 Period.

### **Investment in an associate**

Investment in an associate represents an equity investment in BE M&H, a listed company on The Stock Exchange of Hong Kong Limited. On 22 May 2017, the Group obtained a more than 20% voting power of the board of BE M&H. In the opinion of the directors, the Group has significant influence over BE M&H and the investment in BE M&H was classified as an investment in an associate during 2017 Period.

### **Equity investments at fair value through other comprehensive income**

Equity investments decreased by approximately HK\$408.36 million, which was due to (i) the drop in closing market price as at 30 June 2017 of CAQ comparing to the last year. As at 30 June 2017, the closing market price of CAQ quoted on Australian Securities Exchange was A\$0.115 and the fair value of 108,628,000 shares of CAQ held by the Company was A\$12.49 million (equivalent to approximately HK\$73.63 million) which was recognised in the consolidated financial statements of the Group; and (ii) the reclassification of the equity investment in BE M&H from equity investments at fair value through other comprehensive income to investment in an associate which had a carrying amount of HK\$397 million as at 31 December 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Deposits paid for the acquisitions of businesses**

Deposits paid for the consideration decreased by approximately HK\$59.9 million, mainly due to the new acquisitions completed during the 2017 Period.

### **Due from a joint venture**

Amount due from a joint venture increased by HK\$708.44 million, mainly due to new entrusted bank loans of HK\$696.07 million granted to BIPL. As at 30 June 2017, the entrusted bank loans bore interest at rates ranging from 4.35% to 4.75% per annum.

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

Cash and cash equivalents increased by HK\$1.1 billion, mainly due to the net effect of (i) issuance of guaranteed bond of HK\$2.29 billion in March 2017; (ii) consideration paid for the new acquisition during the 2017 Period of HK\$125.85 million; (iii) net loans of HK\$696.07 million granted to BIPL; and (iv) addition of investment properties of HK\$253.5 million.

### **Bank and other borrowing**

Bank and other borrowings increased by HK\$94.71 million (non-current portion decreased by HK\$47.85 million and current portion increased by HK\$142.56 million), mainly due to the net effect of utilising to finance for the new acquisitions and construction of projects in the PRC, and repayment of matured borrowings.

### **Convertible bonds**

Convertible bonds were issued to PA Broad Opportunity VI Limited pursuant to a subscription agreement dated 24 January 2014. The convertible bonds were classified as current liabilities since the bondholder will have the right, at its option, to require the Company to redeem all or some of its convertible bonds after 12 February 2017.

### **Guaranteed bonds**

Guaranteed bonds increased by HK\$2.32 billion due to the issuance of a guaranteed bond with an principal amount of US\$300 million which will mature on 8 March 2020. Further details of the bonds issued by the Company are set out in the Company's announcements dated 13 November 2015 and 2 March 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and financial resources

As at 30 June 2017, for accounting purposes, the Group had total borrowings of approximately HK\$7,456.81 million (31 December 2016: approximately HK\$5,007.73 million) which included: (i) approximately HK\$2,391.20 million from bank borrowings; (ii) approximately HK\$468.10 million from the PAG Convertible Bonds; and (iii) approximately HK\$4,597.51 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank borrowing, convertible bonds and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 69.58% (31 December 2016: approximately 46.77%).

As at 30 June 2017, the Group's balance of bank borrowings amounted to approximately HK\$2,391.20 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK\$") and Renminbi ("RMB") as to 13.52%, 39.44% and 47.04%, respectively. Over 15.76% of these bank borrowings was repayable less than one year. As at 30 June 2017, the Group's cash and bank balances amounted to approximately HK\$3,774.52 million, which were denominated in USD, HK\$, RMB and SGD as to 52.35%, 8.53%, 36.98% and 2.14%, respectively. Bank borrowings of an aggregate amount of HK\$1,963.77 million bear interest at floating rates, the PAG Convertible Bonds bear coupon rate of 4% per annum and the USD guaranteed bonds issued in November 2015 and March 2017 bear coupon rates of 5.5% and 4.375% per annum, respectively. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 30 June 2017, the Group's current ratio and quick ratio were approximately 266.72% and approximately 266.18% (31 December 2016: approximately 206.57% and approximately 206.47%) respectively.

The net total borrowings of the Group as at 30 June 2017 (total borrowings less cash and cash equivalents and restricted cash) was HK\$3,682.28 million (31 December 2016: HK\$2,340.90 million), representing an increase of HK\$1,341.38 million as compared to the previous year.

### Contingent liabilities

As at 30 June 2017, the Group had no contingent liabilities (31 December 2016: Nil).

### Capital expenditures

During the 2017 Period, the Group spent approximately HK\$675 million (2016 Period: approximately HK\$943 million) as capital expenditures, which consisted of the purchase of property, plant and equipment and investment properties, including assets acquired through acquisitions of subsidiary.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital commitments

As at 30 June 2017, the Group had outstanding contracted capital commitments amounted to approximately HK\$1,733.34 million in aggregate which comprised commitments for:

- the outstanding consideration of approximately RMB1,389.82 million (equivalent to approximately HK\$1,599.68 million) payable for the Cambodia project of investing in the Sino-Cambodian SEZ.
- the outstanding consideration of approximately RMB100.84 million (equivalent to approximately HK\$116.07 million) payable for the He Chao Logistics project.
- the outstanding construction costs of approximately RMB15.29 million (equivalent to approximately HK\$17.59 million) committed for warehouse facilities of Quzhou Tongcheng, a wholly-owned subsidiary of the Group.

### 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 2017 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 2017, the Group had bank loans with principal amounts of approximately HK\$1,683.10 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.

### Litigations

As at 30 June 2017, the Group had no pending litigation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 530 (six months ended 30 June 2016: 510) employees. Total staff cost incurred during the 2017 Period amounted to approximately HK\$43.92 million (six months ended 30 June 2016: HK\$31.42 million (including staff cost and directors' remuneration)). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

### APPRECIATION

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

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

Hong Kong, 29 August 2017

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	<i>Notes</i>	For the six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) (Restated) HK\$'000
REVENUE	4	162,836	141,030
Cost of sales and services		<u>(40,175)</u>	<u>(29,952)</u>
Gross profit		122,661	111,078
Other income and gains, net	4	89,720	14,735
Selling expenses		(7,622)	(6,693)
Administrative expenses		(92,473)	(70,577)
Other expenses		(2,549)	(23,948)
Finance costs	5	(195,552)	(147,467)
Share of profit/(loss) of a joint venture		<u>(2,518)</u>	<u>16,483</u>
LOSS BEFORE TAX	6	(88,333)	(106,389)
Income tax	7	<u>(10,086)</u>	<u>(5,965)</u>
LOSS FOR THE PERIOD		<u>(98,419)</u>	<u>(112,354)</u>
Attributable to:			
Shareholders of the Company		(115,056)	(107,010)
Non-controlling interests		<u>16,637</u>	<u>(5,344)</u>
		<u>(98,419)</u>	<u>(112,354)</u>
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	9	<u>HK(1.69) cents</u>	<u>HK(1.58) cents</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
	<b>HK\$'000</b>	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(98,419)</b>	(112,354)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>168,614</b>	(106,952)
Share of other comprehensive income/(loss) of a joint venture	<b>23,612</b>	(10,531)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<b>192,226</b>	(117,483)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated as fair value through other comprehensive income:		
Change in fair value, net of income tax effect of nil	<b>111,394</b>	(100,992)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX OF NIL</b>	<b>303,620</b>	(218,475)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>205,201</b>	(330,829)
Attributable to:		
Shareholders of the Company	<b>142,308</b>	(318,933)
Non-controlling interests	<b>62,893</b>	(11,896)
	<b>205,201</b>	(330,829)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	<i>Notes</i>	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>894,122</b>	873,838
Investment properties	10	<b>6,988,423</b>	6,126,836
Prepaid land lease payments		<b>24,526</b>	23,976
Goodwill		<b>194,499</b>	142,609
Investment in a joint venture		<b>788,089</b>	766,995
Investment in an associate		<b>519,750</b>	–
Equity investments at fair value through other comprehensive income		<b>73,626</b>	481,982
Deposits paid for acquisitions of businesses		<b>90,998</b>	150,887
Deposits paid for acquisitions of investment properties		–	17,267
Prepayments, deposits and other receivables		<b>5,827</b>	2,434
Due from a joint venture		<b>232,022</b>	–
Total non-current assets		<b>9,811,882</b>	8,586,824
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>93,445</b>	90,618
Inventories		<b>9,742</b>	1,462
Trade receivables	11	<b>38,650</b>	26,455
Prepayments, deposits and other receivables		<b>225,473</b>	106,569
Due from a joint venture		<b>715,710</b>	239,295
Due from related companies		<b>39</b>	417
Restricted cash		<b>103,192</b>	23,269
Cash and cash equivalents		<b>3,671,330</b>	2,643,555
Total current assets		<b>4,857,581</b>	3,131,640
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>167,388</b>	213,543
Other payables and accruals		<b>543,070</b>	344,199
Due to related companies		<b>1,969</b>	32,339
Bank borrowings		<b>376,787</b>	234,223
Convertible bonds	13	<b>468,100</b>	429,803
Income tax payables		<b>39,034</b>	39,739
Provision for compensation		<b>224,891</b>	222,174
Total current liabilities		<b>1,821,239</b>	1,516,020
<b>NET CURRENT ASSETS</b>		<b>3,036,342</b>	1,615,620
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>12,848,224</b>	10,202,444

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>		
Due to related companies	<b>23,067</b>	31,486
Bank borrowings	<b>2,014,412</b>	2,062,263
Guaranteed bonds	<b>4,597,507</b>	2,281,437
Derivative financial instrument	<b>54,120</b>	54,120
Defined benefit plans	<b>15,999</b>	15,535
Deferred tax liabilities	<b>851,152</b>	752,760
Total non-current liabilities	<b>7,556,257</b>	5,197,601
Net assets	<b>5,291,967</b>	5,004,843
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Issued capital	<b>685,260</b>	676,659
Reserves	<b>3,198,409</b>	2,983,931
	<b>3,883,669</b>	3,660,590
<b>Non-controlling interests</b>	<b>1,408,298</b>	1,344,253
Total equity	<b>5,291,967</b>	5,004,843

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to shareholders of the Company													
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Capital and other reserves	Convertible bonds equity reserve	Financial asset 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
<b>At 1 January 2017</b>	<b>676,659</b>	<b>1,705,102</b>	<b>367,278</b>	<b>194,415</b>	<b>(50,359)</b>	<b>247,321</b>	<b>(304,769)</b>	<b>(526,412)</b>	<b>3,004</b>	<b>(2,987)</b>	<b>1,351,338</b>	<b>3,660,590</b>	<b>1,344,253</b>	<b>5,004,843</b>
Loss for the period	-	-	-	-	-	-	-	-	-	-	(115,056)	(115,056)	16,637	(98,419)
Other comprehensive loss for the period														
Changes in fair value of available-for-sale equity investments, net of income tax of nil	-	-	-	-	-	-	111,394	-	-	-	-	111,394	-	111,394
Exchange differences	-	-	-	-	-	-	-	130,622	-	-	-	130,622	37,992	168,614
- Translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss of a joint venture	-	-	-	-	-	-	-	15,348	-	-	-	15,348	8,264	23,612
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,394</b>	<b>145,970</b>	<b>-</b>	<b>-</b>	<b>(115,056)</b>	<b>142,308</b>	<b>62,893</b>	<b>205,201</b>
Acquisition of assets	8,601	24,947	-	-	-	-	-	-	-	-	-	33,548	-	33,548
Acquisition of a subsidiary	-	-	-	-	47,223	-	-	-	-	-	-	47,223	-	47,223
Transfer of share option reserve upon the forfeiture of share options	-	-	-	(13,627)	-	-	-	-	-	-	13,627	-	-	-
Reclassification	-	-	-	-	-	-	132,300	-	-	-	(132,300)	-	-	-
Contribution from of a non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1,152	1,152
<b>At 30 June 2017</b>	<b>685,260</b>	<b>1,730,049*</b>	<b>367,278*</b>	<b>180,788*</b>	<b>(3,136)*</b>	<b>247,321*</b>	<b>(61,075)*</b>	<b>(380,442)*</b>	<b>3,004*</b>	<b>(2,987)*</b>	<b>1,117,609*</b>	<b>3,883,669</b>	<b>1,408,298</b>	<b>5,291,967</b>
<b>At 1 January 2016</b>														
As previously reported	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
Prior year adjustment upon adoption of HKFRS 9	-	-	-	-	-	-	(18,332)	-	-	-	18,332	-	-	-
<b>As restated</b>	<b>676,659</b>	<b>1,705,102</b>	<b>367,278</b>	<b>194,415</b>	<b>5,336</b>	<b>247,321</b>	<b>(46,682)</b>	<b>(164,330)</b>	<b>3,004</b>	<b>(3,646)</b>	<b>1,235,963</b>	<b>4,220,420</b>	<b>240,264</b>	<b>4,460,684</b>
Loss for the period	-	-	-	-	-	-	-	-	-	-	(107,010)	(107,010)	(5,344)	(112,354)
Other comprehensive loss for the period														
Changes in fair value of available-for-sale equity investments, net of income tax of nil, as restated	-	-	-	-	-	-	(100,992)	-	-	-	-	(100,992)	-	(100,992)
Exchange differences	-	-	-	-	-	-	-	(100,400)	-	-	-	(100,400)	(6,552)	(106,952)
- Translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss of a joint venture	-	-	-	-	-	-	-	(10,531)	-	-	-	(10,531)	-	(10,531)
<b>Total comprehensive loss for the period, as restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,992)</b>	<b>(110,931)</b>	<b>-</b>	<b>-</b>	<b>(107,010)</b>	<b>(318,933)</b>	<b>(11,896)</b>	<b>(330,829)</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	130,227	130,227
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(116,595)	(116,595)
<b>At 30 June 2016, as restated</b>	<b>676,659</b>	<b>1,705,102</b>	<b>367,278</b>	<b>194,415</b>	<b>5,336</b>	<b>247,321</b>	<b>(147,674)</b>	<b>(275,261)</b>	<b>3,004</b>	<b>(3,646)</b>	<b>1,128,953</b>	<b>3,901,487</b>	<b>242,000</b>	<b>4,143,487</b>

\* These reserve accounts comprise the consolidated reserves of HK\$3,198,409,000 (unaudited) (31 December 2016: HK\$2,983,931,000) in the condensed consolidated statement of financial position as at 30 June 2017.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net cash flows from operating activities</b>	<b>33,974</b>	22,571
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(1,178)	(104)
Acquisition of investment properties	(273,314)	(157,673)
Acquisition of subsidiaries	(125,847)	(283,759)
Deposits paid for the acquisition of businesses	–	(41,159)
Loan to a joint venture	(696,065)	–
Net repayment from a joint venture	–	30,046
Proceeds from disposal of items of property, plant and equipment	541	–
Interest received	26,835	19,788
Decrease in time deposit with maturity of more than three months when acquired	15,627	–
<b>Net cash flows used in investing activities</b>	<b>(1,053,401)</b>	(432,861)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New loans	61,001	31,315
Repayment of loans	(62,217)	(539,094)
Issue of guaranteed bonds	2,321,195	–
Acquisition of a non-controlling interest	–	(116,595)
Contribution from a non-controlling interest	1,152	–
Interest paid	(171,373)	(157,441)
Loan arrangement fees	(1,635)	(13,132)
Other financing activities	378	(206)
<b>Net cash flows from/(used in) financing activities</b>	<b>2,148,501</b>	(795,153)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,129,074</b>	(1,205,443)
<b>Cash and cash equivalents at beginning of period</b>	<b>2,651,197</b>	3,355,425
<b>Effect of foreign exchange rate changes</b>	<b>(5,749)</b>	(13,052)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,774,522</b>	2,136,930
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at end of period as stated in the condensed consolidated statement of financial position	3,671,330	1,929,426
Add: Restricted cash at end of period	103,192	207,504
Cash and cash equivalents at end of period as stated in the condensed consolidated statement of cash flows	<b>3,774,522</b>	2,136,930



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 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 consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2016 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 2 below.

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

## 2. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 7	<i>Statement of Cash Flows: Disclosure Initiative</i>
Amendments to HKAS 12	<i>Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i>

The adoption of the 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 and industrial 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 3. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit/loss, which is a measure of 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.

Segment assets excluded amounts due from a joint venture and related companies, 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 related companies, bank borrowings, convertible bonds, guaranteed bonds, income tax payables, deferred tax liabilities, a derivative financial instrument 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 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	<b>67,558</b>	65,932	<b>95,278</b>	75,098	<b>162,836</b>	141,030
<b>Reconciliation:</b>						
Gain on bargain purchase of a subsidiary					<b>5,393</b>	-
Bank interest income					<b>26,835</b>	13,017
Other interest income					<b>11,341</b>	1,539
Foreign exchange gains, net					<b>43,498</b>	-
Other unallocated gains					<b>2,653</b>	179
Revenue, other income and gains, net					<b>252,556</b>	155,765

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Total	
	For the six months ended 30 June 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000	For the six months ended 30 June 2017 (Unaudited) HK\$'000	For the six months ended 30 June 2016 (Unaudited) HK\$'000
<b>Segment results:</b>						
The Group	(2,114)	(2,508)	50,537	37,808	48,423	35,300
Share of profit/(loss) of a joint venture	–	–	(2,518)	16,483	(2,518)	16,483
	<b>(2,114)</b>	<b>(2,508)</b>	<b>48,019</b>	<b>54,291</b>	<b>45,905</b>	<b>51,783</b>
<b>Reconciliation:</b>						
Gain on bargain purchase of a subsidiary					5,393	–
Bank interest income					26,835	13,017
Other interest income					11,341	1,539
Foreign exchange differences, net					43,498	(15,563)
Other unallocated gains					2,653	179
Corporate and other unallocated expenses					(28,406)	(9,877)
Finance costs					(195,552)	(147,467)
Loss before tax					<b>(88,333)</b>	<b>(106,389)</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Total	
	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
<b>Segment assets</b>	<b>3,455,842</b>	2,922,603	<b>6,398,934</b>	5,729,423	<b>9,854,776</b>	8,652,026
<b>Reconciliation:</b>						
Corporate and other unallocated assets					<b>4,814,687</b>	3,066,438
Total assets					<b>14,669,463</b>	11,718,464
<b>Segment liabilities</b>	<b>(537,162)</b>	(402,415)	<b>(349,111)</b>	(323,860)	<b>(886,273)</b>	(726,275)
<b>Reconciliation:</b>						
Corporate and other unallocated liabilities					<b>(8,491,223)</b>	(5,987,346)
Total liabilities					<b>(9,377,496)</b>	(6,713,621)

#### 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 consolidated financial statements.

#### Information about major customers

During the six months ended 30 June 2017 and the six months ended 30 June 2016, the Group had no single external customer which contributed over 10% of the Group's total revenue for each of these periods.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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

Revenue represents (1) the gross rental income received and receivable from investment properties, net of value-added tax, business tax and government surcharges; (2) the service fee from a hotel operation, net of value-added tax, business tax and government surcharges; and (3) the management fee income from the services rendered, net of value-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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue		
Gross rental income	113,208	95,781
Hotel operation	45,062	43,629
Management fee	4,566	1,620
	<u>162,836</u>	<u>141,030</u>
Other income and gains, net		
Bank interest income	26,835	13,017
Other interest income	11,341	1,539
Foreign exchange gains, net	43,498	–
Gain on bargain purchase of a subsidiary	5,393	–
Others	2,653	179
	<u>89,720</u>	<u>14,735</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 5. FINANCE COSTS

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interests on bank loans	46,808	39,286
Interest on convertible bonds	10,953	11,621
Imputed interest on convertible bonds (note 13)	24,542	22,077
Interest on guaranteed bonds	113,249	74,483
	<hr/>	<hr/>
	195,552	147,467
	<hr/>	<hr/>

### 6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Direct cost of rental income	16,215	5,272
Cost of hotel operation	23,960	24,680
Depreciation*	16,925	16,614
Amortisation of prepaid land lease payments	195	154
Foreign exchange differences, net	(43,498)	15,563
	<hr/>	<hr/>

\* Depreciation of HK\$9,403,000 (six months ended 30 June 2016: HK\$8,890,000) is included in "Cost of sales and services" 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 2017

### 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Mainland China:		
Current	4,254	7,393
Deferred	5,832	(1,428)
	<u>10,086</u>	<u>5,965</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 2017 (six months ended 30 June 2016: Nil).

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

The calculation of the basic loss per share amount for the period is based on the unaudited loss for the period attributable to shareholders of the Company of HK\$115,056,000 (six months ended 30 June 2016: HK\$107,010,000, as restated) and the weighted average number of 6,791,298,690 (six months ended 30 June 2016: 6,766,587,849) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2017 and 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 amounts presented.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 10. INVESTMENT PROPERTIES

Except for (1) certain investment properties located in Tianjin and Tongliao, the PRC, which were acquired during the reporting period upon completion of business acquisitions with a total fair value of HK\$348,438,000 as at the respective dates of acquisition; (2) certain investment properties located in Jiaxing, the PRC, which were acquired during the reporting period through land auction at prevailing market price of HK\$92,879,000; and (3) certain investment properties located in Changshu and Hainan which were acquired during the reporting period at a total acquisition cost of HK\$160,620,000, the fair value of the remaining investment properties of the Group as at 30 June 2017 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2016 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 2017.

### 11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2017 and 31 December 2016 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 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within one month	<b>30,119</b>	24,682
One to three months	<b>3,864</b>	1,734
Four to six months	<b>4,667</b>	39
	<b>38,650</b>	26,455



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 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 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within one month	<b>60,709</b>	178,437
One to two months	<b>1,342</b>	–
Two to three months	<b>412</b>	29
Three months to one year	<b>47,044</b>	–
Over one year	<b>57,881</b>	35,077
	<b>167,388</b>	213,543

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 2017, 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 2017

### 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)</b> HK\$'000
<b>Principal amount outstanding</b>	
At 1 January 2017 and 30 June 2017	628,196
<b>Liability component</b>	
At 1 January 2017	429,803
Imputed interest expenses ( <i>note 5</i> )	24,542
Exchange realignment	13,755
At 30 June 2017	468,100
<b>Equity component (included in the convertible bond equity reserve)</b>	
At 1 January 2017 and 30 June 2017	247,321

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 14. SHARE CAPITAL

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (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>		
6,852,600,585 (31 December 2016: 6,766,587,849) ordinary shares of HK\$0.10 each	<b>685,260</b>	676,659

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

	<b>Number of ordinary shares in issue (Unaudited)</b>	<b>Issued capital (Unaudited) HK\$'000</b>
At 1 January 2017	6,766,587,849	676,659
Issue of consideration shares for an asset acquisition	86,012,736	8,601
At 30 June 2017	6,852,600,585	685,260

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 15. BUSINESS COMBINATIONS

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:

	<b>Tong Da Investments</b> HK\$'000 <i>(note a)</i>	<b>Tongliao Dahua</b> HK\$'000 <i>(note b)</i>	<b>Total</b> HK\$'000
Net assets acquired:			
Property, plant and equipment	–	3,828	3,828
Investment properties	94,652	253,786	348,438
Long term prepayments	–	8,439	8,439
Inventories	2,090	–	2,090
Trade receivables	249	1,211	1,460
Prepayments, deposits and other receivables	446	84,506	84,952
Cash and cash equivalents	642	36,778	37,420
Income tax payables	(135)	–	(135)
Other payables and accruals	(9,952)	(95,809)	(105,761)
Deferred tax liabilities	(15,592)	(52,714)	(68,306)
Bank borrowings	–	(88,627)	(88,627)
	<u>72,400</u>	<u>151,398</u>	<u>223,798</u>
Goodwill on acquisition <i>(note (d))</i>	–	51,890	51,890
Gain on bargain purchase of a subsidiary recognised in profit or loss <i>(note (d))</i>	(5,393)	–	(5,393)
	<u>67,007</u>	<u>203,288</u>	<u>270,295</u>
Satisfied by:			
Cash	67,007	156,065	223,072
Issue of new ordinary shares of the Company as consideration	–	47,223	47,223
	<u>67,007</u>	<u>203,288</u>	<u>270,295</u>
Net cash outflows:			
Cash acquired	642	36,778	37,420
Cash consideration	(67,007)	(156,065)	(223,072)
Deposits paid for acquisitions in prior year	59,805	–	59,805
	<u>(6,560)</u>	<u>(119,287)</u>	<u>(125,847)</u>
Contribution since acquisition <i>(note (e))</i> :			
Revenue	2,523	129	2,652
Profit	1,318	137	1,455
Contribution if acquired on 1 January 2017 <i>(note (e))</i> :			
Revenue	2,523	129	2,652
Profit	1,318	137	1,455

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 15. BUSINESS COMBINATIONS (Continued)

Notes:

- (a) On 3 January 2017, the Group completed the acquisition of 100% equity interest in Tianjin Tong Da You Zhi Logistics Investments Limited ("Tong Da Investments"). This project is engaged in operation of logistics warehouses in Tianjin, the PRC.
- (b) On 31 March 2017, the Group completed the acquisition of 100% equity interest in North Supply Chain Management Group Limited ("Tongliao Dahua"). This project is engaged in operation of food storage warehouses in Tongliao City, Inner Mongolia, the PRC.
- (c) The transaction costs incurred for these acquisitions were immaterial and have been expensed and included in administrative expenses in profit or loss.
- (d) The goodwill of HK\$51,890,000 and a gain on bargain purchase of HK\$5,393,000 arising from the above acquisitions are 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.
- (e) 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.

### 16. CAPITAL COMMITMENTS

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of businesses	<b>1,715,754</b>	1,749,473
Construction of logistic facilities	<b>17,594</b>	89,963
Total capital commitments	<b>1,733,348</b>	1,839,436

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\$526,766,000 (unaudited) (31 December 2016: HK\$422,816,000).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 17. RELATED PARTY DISCLOSURES

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

		<b>For the six months ended 30 June</b>	
		<b>2017</b>	2016
	<i>Notes</i>	<b>(Unaudited) HK\$'000</b>	(Unaudited) HK\$'000
Interest income, net of business tax and value-added tax received or receivable from a joint venture	<i>(i)</i>	<b>11,341</b>	5,417
Rental income received from a non-controlling equity holder of a subsidiary	<i>(ii)</i>	<b>315</b>	207
Consulting and referral fee from a non-controlling equity holder of a subsidiary	<i>(iii)</i>	–	362
Rental expense paid or payable to a fellow subsidiary	<i>(iv)</i>	<b>899</b>	–
Key management personnel service fees paid to a company	<i>(v)</i>	<b>1,735</b>	–
Management fee paid or payable to a subsidiary of a non-controlling equity holder of a subsidiary	<i>(vi)</i>	<b>618</b>	–

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 17. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

- (i) The interest income was charged on bank entrusted loans advanced to a joint venture at mutually-agreed rates.
- (ii) 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.
- (iii) 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.
- (iv) The rental expense related to the lease of an office located in Beijing from a fellow subsidiary. The rental expense was determined by reference to the prevailing market rental at the time when the rental agreement was entered into.
- (v) The management fee was paid for the management and administrative services provided by a hotel management company in respect of the Group's hotel operation. The management fee was charged pursuant to the terms in the agreement signed between a wholly-owned subsidiary of the Group and the hotel management company on 14 June 1988, 31 May 1991, 20 July 2003 and 18 August 2005.
- (vi) The management fee was determined by reference to the property management market rate for properties of comparable size, location and facilities at the time when the property management agreements were entered into.
- (vii) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and Beijing Enterprise Group Finance Co., Ltd. ("BG Finance") on 29 June 2015. The Company entered into a supplemental agreement (the "Supplemental Agreement") with BG Finance on 28 April 2017. 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 be extended to 31 December 2019. 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\$650,000,000. Further details of the Supplemental Agreement are set out in the Company's announcement dated 28 April 2017.

The deposit placed by the Group with BG Finance as at the end of the reporting period were amounted to approximated RMB179 million (equivalent to approximately HK\$206.03 million).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Short term employee benefits	7,842	6,646
Pension scheme contributions	174	167
Total compensation paid to key management personnel	8,016	6,813



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 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 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Non-current financial asset:				
Prepayments, deposits and other receivables	5,827	2,434	5,827	2,434
Due from a joint venture	232,022	–	232,022	–
	<b>237,849</b>	2,434	<b>237,849</b>	2,434
Non-current financial liabilities:				
Due to related parties	23,067	31,486	21,808	31,373
Bank borrowings	2,014,412	2,062,263	2,490,576	2,511,976
Guaranteed bonds	4,597,507	2,281,437	4,862,471	2,312,275
	<b>6,634,986</b>	4,375,186	<b>7,374,855</b>	4,855,624

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 19. EVENTS AFTER THE REPORTING PERIOD

- (a) On 27 January 2017, Bellomonte Investments Company Limited (“BICL”), a wholly-owned subsidiary of the Company, entered into a binding letter agreement with MillenMin Ventures Inc. (“MillenMin”) and other investors. Under the binding letter agreement, (i) BICL and other investors will subscribe for certain common shares and subscription receipts of MillenMin; (ii) should BICL acquire the equity interest in Bellomonte Limited (“BL”) from Beijing Enterprises Real Estate (HK) Limited (“BEREHKL”, a fellow subsidiary of the Company) which is subject to fulfilment of certain conditions precedent, BICL will dispose of its equity interest in BL to MillenMin for a consideration of US\$27,000,000, which will be settled by the allotment and issuance of 355,995,000 common shares of MillenMin; and (iii) should BICL decide not to acquire BL from BEREHKL as described in (ii) above, BICL will subscribe for 355,995,000 common shares of MillenMin for a consideration of US\$27,000,000 and MillenMin will acquire BL directly from BEREHKL. On 7 July 2017, the subscription of common shares and subscription receipts of MillenMin as described in (i) above has been completed and 20,700,000 common shares and 88,999,000 subscription receipts were issued to BICL on the same date for a total cash consideration of US\$8,320,000. On 15 August 2017, BICL and BEREHKL entered into an agreement (“Termination Agreement”) to terminate the proposed acquisition of BL from BEREHKL as described in (ii) above and pursuant to the Termination Agreement, all rights and obligations of the two parties under the proposed transaction shall cease to have any effect from 15 August 2017.
- (b) On 31 March 2017, Beijing Enterprises Health and Medical Resources Group Limited (“Beijing Resources”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Beijing Enterprises Health Resources Company Limited (“BE Health”), an indirect wholly-owned subsidiary of Beijing Enterprises Medical and Health Industry Group Limited (“BE M&H”), for the disposal of entire equity interest and shareholder’s loan of Best Ring Investments Limited at a total consideration of HK\$900,000,000. As at 30 June 2017, the transaction has not yet been completed and is subject to fulfilment of certain conditions precedent. On 27 July 2017, Beijing Resources, the Company, BE Health and BE M&H entered into a deed of termination (“Termination Deed”) to terminate the above-mentioned transaction. Pursuant to the Termination Deed, all rights and obligations of the parties under the transaction shall cease to have any effect from 27 July 2017.
- (c) On 14 July 2017, Safe Mark International Limited, an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Shaanxi Pengruida Agricultural Products Logistics Company Limited, to establish a joint venture company, Jide (Xian) Jingcheng International Logistics Company Limited (“Jingcheng International”), with a total investment and registered capital of RMB440,000,000 (equivalent to approximately HK\$506,988,000) and RMB220,000,000 (equivalent to approximately HK\$253,494,000), respectively. Jingcheng International will be accounted as a subsidiary of the Group. The principal business of Jingcheng International is investing, developing and operating logistics facilities, including leasing of offices and warehouse facilities and providing related property management services in the Jinghe New City of the Xixian New Area of Shaanxi Province, the PRC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

### 20. COMPARATIVE AMOUNTS

Comparative amounts of certain items and balances in the condensed consolidated financial statements have been restated due to the early adoption of HKFRS 9 (2014) during the year ended 31 December 2016. Further details of which are disclosed in the Company's consolidated financial statements for the year ended 31 December 2016.

The adoption of HKFRS 9 (2014) had an impact on the accounting treatment of an impairment loss recognised in profit or loss against an equity investment of the Group classified as available for sale during the period ended 30 June 2016. A prior period adjustment was made in respect of this and the effect of which is summarised as follows:

- both other expenses and loss for the period ended 30 June 2016 have been decreased by HK\$15,942,000;
- net other comprehensive loss to be reclassified to profit or loss in subsequent periods and net other comprehensive loss not to be reclassified to profit or loss in subsequent periods for the period ended 30 June 2016 have been decreased and increased by HK\$85,050,000 and HK\$100,992,000, respectively;
- available-for-sale investment revaluation reserve has been renamed as financial asset revaluation reserve; and
- each of the basic and diluted loss per share amounts for the period ended 30 June 2016 has been decreased by HK0.24 cents.

### 21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2017.

## 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 2017, 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	0.141

#### 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 2017, 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 2017:

Name or category of participant	Number of share options				At 30 June 2017	Date of grant of share options <i>(Note 1)</i>	Exercise period of share options	Exercise price of share options HK\$ per share <i>(Note 1)</i>
	At 1 January 2017	Granted during the period <i>(Note 2)</i>	Exercised during the period <i>(Note 2)</i>	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 30-May-22	0.410
	10,000,000	-	-	-	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	-	-	-	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	5,000,000	-	-	-	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	40,000,000	-	-	-	40,000,000			
Mr. Li Shuping	1,500,000	-	-	-	1,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,500,000	-	-	-	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	-	-	-	4,000,000			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2017	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2017	Granted during the period <i>(Note 2)</i>	Exercised during the period <i>(Note 2)</i>	Cancelled during the period				
<b>Directors: (Continued)</b>								
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 30-May-22	0.410
	4,700,000	-	-	-	4,700,000			
Mr. Siu Kin Wai	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	6,000,000	-	-	-	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	-	-	-	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	-	-	-	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	-	-	-	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	28,000,000	-	-	-	28,000,000			
Mr. Yu Luning	5,000,000	-	-	-	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	-	-	-	5,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	4,000,000	-	-	-	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	-	-	-	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	3,000,000	-	-	-	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	22,000,000	-	-	-	22,000,000			
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
	8,000,000	-	-	-	8,000,000			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options					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 2017	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period	At 30 June 2017			
<b>Directors:</b> (Continued)								
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 30-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 30-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. Cheng Ching Fu	1,000,000	-	-	-	1,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,000,000	-	-	-	3,000,000	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	2,500,000	-	-	-	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	-	-	-	2,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	11,500,000	-	-	-	11,500,000			
Mr. Goh Gen Cheung	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	-	-	-	1,837,700	1-Jun-12	1-Jun-12 to 30-May-22	0.410
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	8,337,700	-	-	-	8,337,700			

## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options				At 30 June 2017	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 2017	Granted during the period (Note 2)	Exercised during the period (Note 2)	Cancelled during the period				
<b>Directors:</b> (Continued)								
Mr. Zhu Wuxiang	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			
Mr. James Chan	2,000,000	-	-	-	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	-	-	-	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	-	-	-	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	-	-	-	6,500,000			
Mr. Song Lishui	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
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
	5,500,000	-	-	-	5,500,000			
Mr. Chan Yuk Cheung**	1,000,000	-	-	-	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720



## DISCLOSEABLE INFORMATION

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options					Date of grant of share options <i>(Note 1)</i>	Exercise period of share options	Exercise price of share options HK\$ per share <i>(Note 1)</i>
	At 1 January 2017	Granted during the period <i>(Note 2)</i>	Exercised during the period <i>(Note 2)</i>	Cancelled during the period	At 30 June 2017			
Other employees and consultants	157,500,000	-	-	(17,000,000)	140,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	255,275,400	-	-	(11,900,000)	243,375,400	1-Jun-12	1-Jun-12 to 30-May-22	0.410
<b>in aggregate:</b>	135,400,000	-	-	(18,000,000)	117,400,000	24-May-13	24-May-13 to 23-May-23	0.574
	149,000,000	-	-	(4,000,000)	145,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	25,000,000	-	-	(2,000,000)	23,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	55,000,000	-	-	(3,000,000)	52,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	777,175,400	-	-	(55,900,000)	721,275,400			
	962,313,100	-	-	(55,900,000)	906,413,100			

\* Mr. Wan Lee Cham has been re-designated as the Company's consultant upon his resignation from executive director on 7 July 2017.

\*\* Mr. Chan Yuk Cheung has been re-designated as the Company's consultant upon his resignation from independent non-executive director on 15 May 2017.

#### 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 2017 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 2017, 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	22.73%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,420,462,407	1,557,792,500	-	-	3,978,254,907	58.05%
北京北控置業有限責任公司 (Beijing Enterprises Group Real Estate Co., Limited)	(c)	-	3,978,254,907	-	-	3,978,254,907	58.05%
Illumination Holdings Limited	(d)	87,451,458	-	-	-	87,451,458	1.28%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	-	-	574,617,653	8.39%
Beijing Enterprises Group Company Limited	(f)	-	4,552,872,560	-	-	4,552,872,560	66.44%
Thular Limited	(g)	354,400,000	-	-	-	354,400,000	5.17%
Kerry Holdings Limited	(g)	-	354,400,000	-	-	354,400,000	5.17%
Kerry Group Limited	(g)	-	354,400,000	-	-	354,400,000	5.17%
PA Broad Opportunity VI Limited	(h)	-	-	838,573,244	-	838,573,244	12.24%
Pacific Alliance Asia Opportunity Fund L.P.	(h)	-	-	-	838,573,244	838,573,244	12.24%
Pacific Alliance Group Asset Management Limited	(h)	-	-	-	838,573,244	838,573,244	12.24%
Pacific Alliance Group Limited	(h)	-	-	-	838,573,244	838,573,244	12.24%
Pacific Alliance Investment Management Limited	(h)	-	-	-	838,573,244	838,573,244	12.24%
PAG Holdings Limited	(h)	-	-	-	838,573,244	838,573,244	12.24%

## 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 2,420,462,407 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 2017, 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 2016 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. Chan Yuk Cheung resigned as an independent non-executive director of the Company and the members of audit committee, nomination committee and remuneration committee, and re-designated as the Company's consultant with effect from 15 May 2017.

Mr. Dong Qilin resigned as chief operating officer of the Company with effect from 23 June 2017.

Mr. Wan Lee Cham resigned as an executive director and chief financial officer of the Company, and re-designated as the Company's consultant with effect from 7 July 2017.

Mr. Xie Ming was appointed as an independent non-executive director of the Company and the members of audit committee, nomination committee and remuneration committee with effect from 15 May 2017.

Mr. Siu Kin Wai was appointed as chief executive officer of the Company with effect from 7 July 2017.

Mr. Cheng Ching Fu was appointed as an executive director and chief financial officer of the Company with effect from 7 July 2017.

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:

<b>Date of the Agreement(s)</b>	<b>Nature of the Agreement(s)</b>	<b>Aggregate amount</b>	<b>Final maturity</b>	<b>Specific performance obligations</b>
24 January 2014	Subscription agreement for issuance of convertible bonds	RMB490.51 million	February 2019	<i>Note 2</i>
12 November 2015	Subscription agreement for issuance of bonds	USD300 million	November 2018	<i>Note 1</i>
25 August 2016	Team loan facility with a bank	HKD750 million	August 2018	<i>Note 1</i>
2 March 2017	Subscription agreement for issuance of bonds	USD300 million	March 2020	<i>Note 1</i>

*Notes:*

1. 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.
2. 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 2017.

### SUFFICIENCY OF PUBLIC FLOAT

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

# CORPORATE GOVERNANCE REPORT

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

In the opinion of the Directors, the Company has complied with the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017, 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 2017, not all independent non-executive directors attended general meetings of the Company due to other business engagements, which deviates from code provision A.6.7.

Under code provision E.1.2, the chairman of the Board should attend the Annual General Meeting and invite the chairmen of the Audit, Remuneration, Nomination and any other committees (as appropriate) to attend. However, in the annual general meeting held on 30 June 2017 (the “2017 AGM”), our chairman was unable to attend the meeting due to his other business commitments. He appointed Mr. Siu Kin Wai, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit, remuneration and nomination committees also attended the 2017 AGM.

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

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the Directors. Having made specific enquiry of all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding Director’s securities transaction during the six months ended 30 June 2017.

## **INVESTMENT AND RISK MANAGEMENT COMMITTEE**

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

During the six months ended 30 June 2017, the members of the Investment and Risk Management Committee are 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.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE

The Audit Committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 of the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls and financial reporting of the Group, including review of the unaudited interim results for the six months ended 30 June 2017 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 2017, the Audit Committee members are all independent non-executive directors. Members of the Audit Committee are Mr. Goh Gen Cheung (Chairman), Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming.

### 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 2017, the majority of the Remuneration Committee members are independent non-executive directors. Members of the Remuneration Committee are Mr. Goh Gen Cheung (Chairman), Mr. James Chan, Mr. Yu Luning, Mr. Song Lishui and Mr. Xie Ming.

### 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 2017, the majority of the Nomination Committee members are independent non-executive directors. Members of the Nomination Committee are Mr. James Chan (Chairman), Mr. Goh Gen Cheung, Mr. Qian Xu, Mr. Yu Luning, Mr. Song Lishui and Mr. Xie Ming.