北京建設 BPHL

BEIJING PROPERTIES (HOLDINGS) LTD

(incorporated in Bermuda with limited liability)

Stock Code: 925

2019 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. QIAN Xu *(Chairman)*
Mr. SIU Kin Wai *(Chief Executive Officer)*
Mr. ZHAO Jiansuo
Mr. LI Shuping
Mr. DONG Qilin
Mr. LI Changfeng
Mr. CHENG Ching Fu *(Chief Financial Officer)*
Mr. YU Luning
Mr. ANG Renyi
Mr. NG Kin Nam

Independent Non-Executive Directors
Mr. GOH Gen Cheung
Mr. ZHU Wuxiang
Mr. James CHAN
Mr. SONG Lishui
Mr. XIE Ming

AUDIT COMMITTEE

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

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. QIAN Xu *(Chairman)*
Mr. SIU Kin Wai *(Vice Chairman)*
Mr. DONG Qilin
Mr. LI Changfeng
Mr. CHENG Ching Fu

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. CHENG Ching Fu

STOCK CODE

925

AUTHORIZED REPRESENTATIVES

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Mr. SIU Kin Wai

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Hamilton HM 11
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITORS

Ernst & Young

WEBSITE

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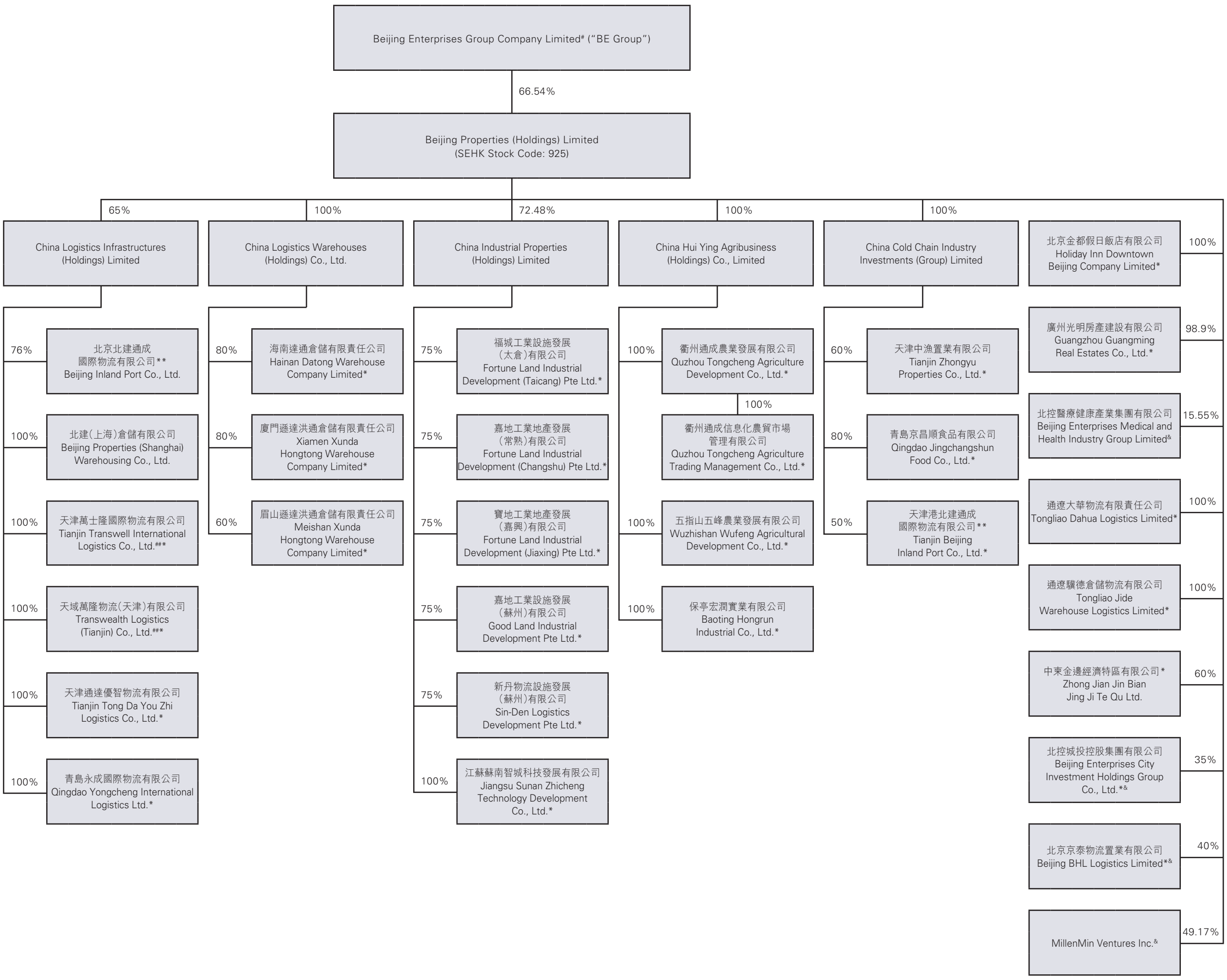
PRINCIPAL BANKERS

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

GROUP STRUCTURE

As at 30 August 2019



BE Group indirect held 66.54% of the issued share capital of Beijing Properties (Holdings) Limited (the "Company") through its wholly-owned subsidiaries

* *For identification purpose only*

** *Joint venture*

& *Associate*

Out of 100% equity interest, 30% equity interests are held directly by the Company's wholly-owned subsidiaries and 70% equity interest are held by China Logistics Infrastructures (Holdings) Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2019 (the "2019 Period"), the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$80.59 million, representing a decrease of approximately HK$77.96 million as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$158.55 million recorded in the six months ended 30 June 2018 (the "2018 Period").

BUSINESS REVIEW

The Group is the only Hong Kong-listed company engaged in property related business under Beijing Enterprises Group Company Limited ("BE Group"), the ultimate controlling shareholder of the Group. The Group is self-positioned as a professional real estate developer that engages in logistics, cold chain, the industrial and commercial industries, primary land development and other fields. As a developer, our profit is primarily generated from two sources: (1) from our daily operation, such as rental income from our general warehouses and cold storages, hotels, shopping malls and agricultural markets; and income from the treatment and processing of inventories at our general warehouses and cold storages, and financial income generated by trade; and (2) from the disposal of developed and mature properties and developed land.

The business model of the Group is designed to :(1) make investments in early stages of projects; (2) cultivate the values of projects once the developments have been completed; (3) sell mature projects at satisfactory prices. Cash recovered from project disposals is used to: (1) repay project development loans, so as to lower ongoing financial costs and increase profit; (2) further invest in new projects to create opportunities to generate profit in the future; (3) allocate appropriate investment returns to shareholders as an investor. According to our business model, we believe that the increasing capital values of projects, in addition to our operating profit, will ultimately deliver attractive returns to our shareholders.

Since 2009, the Group has invested large capital sums in China and abroad to invest in and develop projects located in prime real estate locations. Along with stable project income and the stable growth of Chinese economy, capital values of certain projects have grown at satisfactory rates, when compared to their primary inputs. Therefore, the Group is planning to dispose of certain mature projects in Shanghai and Tianjin in 2019, in order to accomplish the establishment of the Group's entire business model. The disposal will recover a significant amount of funds to the Group, such that the goals of debt reduction, reinvestment and fund allocation in the Group's business model can be realized. Leveraging on its own strength as a state-owned enterprise, the Group will further purchase and develop land in prime locations, in order to further enhance our levels of participation in the logistics, industrial and cold chain industries, and further consolidate our long-term profitability and model of capital gains.

Currently, the Group's progress of each project will be explained in the analysis of various business segments below.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Location of warehouse	Notes	Planned and owned area (sq.m)	Operating rentable area (sq.m)	Average occupancy rate for the six months ended 30 June 2019 (%)	2018 (%)
Beijing Majuqiao*	(a)	589,410	232,384	**100**	–
Shanghai, Pudong District	(b)	211,555	211,555	**81.00**	69.30
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)	(c)	58,617	58,617	**95.59**	94.44
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)	(d)	16,083	16,083	**100**	100
Xiamen, Tong'an District	(e)	92,518	92,518	**100**	93.59
Meishan, Dongpo District	(f)	97,809	97,809	**88.83**	50.75
Hainan, Chengmai District	(g)	48,702	48,702	**94.33**	83.09
Tongliao, Ke'erqin District	(h)	30,780	30,780	**55.50**	68.57
Jiangsu, Taicang City	(i)	129,887	–	**–**	–
Qingdao, Jiaozhou City	(j)	145,170	–	**–**	–
		1,420,531	788,448		

* A joint venture of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Majuqiao Logistics Park is the largest investment project to be developed and operated by Beijing Inland Port Co., Ltd. ("BIPL") and the Group. It will become one of the largest comprehensive logistics parks in north China upon completion. The whole project will be completed in five phases. BIPL obtained the land lots for Phase I and Phase II of this project on 3 November 2015. Construction works of Phase I started on 19 September 2016, while that of land lots I, and II & III of Phase II started on 28 February 2017 and in April 2018, respectively. The land lot for Phase I is completed in September 2018, and its total rentable area of 147,849 sq.m. has been delivered to customers for use, with occupancy rates reaching 100%. Land lot I of Phase II, which has a total rentable area of 84,535 sq.m., also commenced operation in November in the same year and achieved full occupancy. The main structures of land lots II & III of Phase II have been completed and construction works are expected to complete in 2019. A lease agreement in relation to all of its total rentable area of 79,044 sq.m. has been signed with customers. Once construction works are completed, full occupancy can be achieved. Furthermore, the Group obtained the land lot for Phase III on 12 May 2017 at the minimum bidding price of RMB620 million. Also obtaining the Construction Registration Certificate in late 2018, the Group has satisfied all construction requirements and commenced construction works in March 2019. The commercial area under development is expected to reach 88,075 sq.m., and the construction works are expected to be completed in the fourth quarter of 2021. The Group has also expedited the preliminary application process of Phases IV and V, striving to obtain land by 2019. Upon the completion of the whole project, it will have a total rentable area of approximately 589,410 sq.m.

(b) Despite the unstable performance of China's export market as a result of the expansion of the Shanghai Free Trade Zone, and the escalating US-China trade tensions in 2019 which impacted traditional international trade, the Shanghai warehouse has ensured the renewal of leases with customers by actively retaining existing customers, providing solutions to customers' problems by fully utilizing its own resources, and strengthening its strategic cooperation with local park management, such that business can be stabilized and expanded by communicating sincerity. In the 2018 period, its average occupancy rate was approximately 69.30%, while the average occupancy rate for the 2019 period was 81.00%.

(c) The Tianjin (Tianjin Airport Zone) warehouse is still the sole warehouse supervised by Customs within the Tianjin Binhai International Airport area. The unique location allows the warehouse to maintain a stable occupancy rate. Within the warehouse, Phase I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") was fully rented by SF Express, with the occupancy rate maintained at 100% every year; the occupancy rate of the warehouse area of Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics") also reached 89.17% for the 2019 period.

(d) Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. The project has a total land area of 30,003 sq.m. and a total gross floor area of 16,083 sq.m. Currently the project has been fully leased to Kerry EAS Logistics Limited Tianjin Branch with a stable growth of income.

(e) The Group is operating 5 warehouses in Xiamen City, Fujian Province with a total rentable area of 92,518 sq.m., which has been leased to three major players in the e-commerce industry of China and has achieved and maintained full occupancy from May 2018 to June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

(f) The Group is operating 4 warehouses in Meishan City, Sichuan Province with a total rentable area of approximately 97,809 sq.m. The occupancy rate was increased from 87.29% in December 2018 to 91.59% in June 2019. The improvement in the occupancy rate was mainly due to the increase in the area leased to a major customer from the e-commerce industry.

(g) The Group is operating 2 warehouses in Chengmai County, Haikou City of Hainan Province with a total rentable area of 48,702 sq.m. The average occupancy rate was approximately 83.09% in the 2018 period, and has increased to 99% in June 2019, following the signing of new lease contracts with a major e-commerce company and a well-known logistics company since 2019.

(h) The Group completed the acquisition for the Tongliao project on 31 May 2017. Due to the cancellation of the national temporary grain storage policy, the occupancy rates of grain warehouses for the project have been continuously declining since the second half of 2018. Currently, a significant area of the grain warehouse in Tongliao is vacant. Since supply exceeds demand in the warehouse leasing market in general, the development of warehouses in the logistics park has been slowed down. Besides the Group's continued efforts to proactively lease out the existing grain warehouses, it is gaining an understanding of the Tongliao market in time. When appropriate business partners have been sought, there exists a possibility that the Group will develop the land lots for other projects.

(i) The Sin-Den project in Jiangsu, Taicang City, consists of double-layer high-end modern general warehouses with an expected floor area of approximately 150,524 sq.m. and a total rentable area of approximately 129,887 sq.m. The acquisition of the project land was completed in September 2017, and the construction was commenced in late 2018 and is expected to be completed in June 2020. 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 has been completed in the future.

(j) In March 2019, the Group has acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, along the west side of Jiaoda Avenue (交大大道) and the south side of Taohe Road (洮河路). The total area of the land is approximately 113,428 sq.m. The project enjoys a convenient location near the Jiaozhou Bay Express Highway (膠州灣高速), and is only 16 km from Jiaozhou's airport, which will commence operation in the near future. Under this project, three 2-storeyed general warehouses and one multistoried cold storage is planned to be constructed in line with international standards. The total gross floor area is approximately 165,444 sq.m. and a total rentable area of approximately 145,170 sq.m., with a total investment amount of approximately RMB650 million. Preliminary construction works are under way. Construction is planned to commence in September 2019 and is expected to be completed by the end of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

2) Cold Chain Logistics Warehouses

Another development focus of the Group is to establish nationwide cold chain logistics facilities, and on such basis, further expand its cold chain business to connect to both up and down streams. The cold chain business to be developed by the Group represents mainly imported meat and aquatic products, which have high values. With the rise of China's middle-class society, the demand for quality food is growing rapidly every year. However, due to the lack of reform in the industry in China for some time in the past, the cold chain industry remained subject to large investment and low informatization, and the cold chain industry recorded a slow growth. Hence, no leading enterprises were developed in the industry. This presents the Group with a great opportunity for development. The Group's cold chain business is mainly divided into four business segments, namely cold storage and processing business, international and domestic trade business, financial and equity investment business and third party cold chain logistics distribution business. Its strategic objective is to establish the best comprehensive cold chain industry service platform in the PRC and a complete cold chain industry ecosystem, to save costs and increase revenue by making full use of technologies and data while promoting physical business, to maintain full management of and control over the cargo right, information right, document right, capital right and disposal right in the whole chain, and to eliminate operational risks.

To improve the business function in general, trade companies and technology companies have been established in 2018, which have formally commenced business. Details of the status of the existing cold storage business are as follows:

Location of warehouse	Notes	Planned and owned storage capacity (ton)	Operating leasable storage capacity (ton)	Average occupancy rate for the six months ended 30 June **2019** (%)	2018 (%)
Tianjin, Hangu District	(a)	45,000	45,000	**75.83**	80.05
Qingdao, Chengyang District	(b)	8,000	8,000	**36.17**	45.37
Tianjin Port Zone of Tianjin Free Trade Zone	(c)	45,000	–	–	–
		98,000	53,000		

(a) Tianjin cold chain warehouse is positioned to serve as a cold chain logistics centre and a processing and distribution hub of aquatic products in north China. Phase I has an area of approximately 31,301 sq.m., representing a carrying storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval, and the preliminary work is in progress. It is expected to complete construction and be put into operation in 2021. When operation commences, the carrying storage capacity of Tianjin cold chain warehouse will reach 80,000 tons, thereby creating a comprehensive cold chain service platform that encompasses cold chain storage, light processing, trading agency, and cold chain delivery services. As at June 2019, the cold chain warehouse under Phase I has maintained full occupancy, and the total number of customers amounted to 262. Throughout its operation until now, the project has maintained sound operation and achieved stable business development. In later stages, we will proactively introduce an AI supply chain management system and Internet of Things (IoT) technology to the project, which will effectively lower operation costs and enhance the company's competiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in the Chengyang district of Qingdao, China. It currently owns a parcel of land of approximately 15,352 sq.m. with cold warehouses of approximately 6,786 sq.m., which have a carrying storage capacity of approximately 8,000 tons. The low storage rate in the first quarter of 2019 was due to the significant seasonal impact towards inbound and outbound carrying storage capacities. In the second quarter, 3 new customers were introduced through successful business promotion, resulting in a significant growth in carrying storage capacity that reached to 64% by the end of June. Leveraging on the cold chain platform, the Qingdao cold chain warehouse has commenced its international trade cold storage service to diversify its customer base, and to increase its carrying storage capacity.

(c) Tianjin Beijing Inland Port Co., Ltd. ("Tianjin Port") project is a joint venture established by the Group and Tianjin Port Group, each holding its 50% equity interest. The land has been obtained in February 2017, and various tasks before the commencement of construction works have been launched simultaneously. Construction works are originally planned to start in August 2018. However, project site locations have been changed to meet the needs of Tianjin Port Group for a possible construction of a free trade port. Following General Secretary Xi Jinping's visit to Tianjin Port, a common understanding was reached after arm's length negotiation between the chairmans of Beijing Enterprises Real-Estate Group Limited ("BE Real Estate") and Tianjin Port Group in April 2019, to ensure that the project will still be developed and constructed in its original site, in accordance with the new requirements under the "Belt and Road" initiative and the Coordinated Development for the Beijing-Tianjin-Hebei Region. Currently, the relevant procedures are under way, for we strive to commence work by the end of the year. Presently, the planned total gross floor area is approximately 55,000 sq.m., with a total investment amount of approximately RMB590 million.

As Phase II is still awaiting development, cold chain warehouses located in Tianjin and Qingdao are classified by the Group as projects under development and have yet to contribute profit. The Group believes that with the development of the overall cold chain business and the completion of the Phase II project, they will bring satisfactory returns to the Group.

With regard to the overall development of the cold chain business, an increasing trend of business volume has been recorded following the formal launch of international trade business during the period. Driven by the trade business, trade data has constantly contributed to the CCII Frozen Product Industry Integration Service Platform (www.cciinet.cn), the Group's self-developed service and trade platform that is under commission. Meanwhile, we have commenced in-depth strategic cooperation with various enterprises at all levels in the cold chain business. Due to the large amount of investment in cold storage, apart from the existing Tianjin and Qingdao projects, service at the present stage will be provided to customers through cooperation with cold storages at different locations. Currently, cooperation agreements have been reached with the cold storages in the areas including: Dalian Bonded Logistics Park, Dalian Economic and Technological Development Zone, Fengxian District in Shanghai, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Zhanjiang City in Guangdong, and Yantian District in Shenzhen etc. The construction of a storage network that connects coastal cities is basically taking shape; subsequently, online trading and diversified offline services (such as customs declaration and light processing) will be further provided. A comprehensive set of services that includes the mobile version of the platform is expected to be launched in the second half of the year. This will allow the cold chain platform under the Group to complete the building of an integrated business structure, and at the same time, become the most comprehensive and advanced intergrated cold trade service platform in China.

MANAGEMENT DISCUSSION AND ANALYSIS

3) Industrial Properties

As the metropolitan area of Shanghai continues to grow, certain existing high-end manufacturing industries in the region inevitably have to be relocated. Meanwhile, high-end European and 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 property business at the end of 2016 and formed several non-wholly owned subsidiaries (held by the Group as to 75%) with SSinolog (China) Holding I Pte. Ltd. from Singapore to develop high-end factories for lease in Taicang, Changshu, Suzhou, and Changzhou in the Jiangsu province, and Jiaxing in the Zhejiang province. Details of these projects are as follows:

Location of project	Notes	Planned and owned area (sq.m)	Operating rentable area (sq.m)	Average occupancy rate for the six months ended 30 June 2019 (%)	2018 (%)
Jiangsu, Taicang City	(a)	66,015	66,015	**100**	91.76
Jiangsu, Suzhou City	(b)	61,714	–	**–**	–
Zhejiang, Jiaxing City	(c)	93,431	93,431	**10.00**	–
Jiangsu, Changshu City	(d)	168,647	168,647	**6.00**	–
Jiangsu, Changzhou City	(e)	489,340	–	**–**	–
		879,147	328,093		

(a) The project was completed in July 2017 and its real estate ownership certificate was obtained in December 2017. Its rentable area has been fully leased since January 2018. Many large European and U.S. smart manufacturing enterprises and high-end manufacturing enterprises are concentrated in the area where the project is located. The project has long-term leases with steady rental growth.

(b) The land use right certificate for the project was obtained in May 2017, and its construction commenced in December 2018 and is expected to be completed in December 2019. The project is at a prime location with great accessibility and enjoys local government funds supporting industrial development.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) The land use right certificate for the project was obtained in April 2017. The project has a total gross floor area of 94,461 sq.m., and was completed in May 2019. Business promotion work is actively underway. Currently, a U.S. manufacturing company has joined the park. The project is in a location adjacent to Shanghai and has great accessibility. Local government provides strong support to the manufacturing industry, with industry support funds and policies in place. The concentration of European and U.S. high-end manufacturing enterprises has generated economies of scale. Standard, high-end and customised plants have been constructed.

(d) The land use right certificate for the project was obtained in June 2016. The project has a total gross floor area of 172,693 sq.m., and was completed in May 2019. Business promotion work is actively underway. Lease agreements have been entered into with three customers from the manufacturing industry. The project is at a prime location with well-planned facilities in the surrounding area. It has good accessibility and is in proximity to the expressway network, with extensive local high-quality labour resources and ancillary facilities.

(e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou City, Jiangsu Province in January 2018. The project is planned to have a total land area of approximately 200 mu and a total gross floor area of approximately 489,340 sq.m. With a total investment amount of approximately RMB2 billion, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed in the first quarter of 2022, and construction of Phase II is expected to commence in the third quarter of 2020 and be completed around early 2022. A part of the floor area will be sold to speed up the cash recovery. The project will be the first internet economic platform cluster in Tianning District, Changzhou and will facilitate the development of emerging industries including smart equipment, smart home, sports health equipment and educational equipment through innovative designs and smart research and development. The project comprises commercial, residential, leisure and other urban functions, introduces green smart solutions, and is an ecological smart park reflecting industrial integration. In addition, the Company further acquired a piece of land with an area of 5,197 sq.m. in Changzhou city early this year, which is expected to be built into a commercial centre with three levels above ground and one level underground. The project planning and design is underway.

As we have accumulated a certain amount of experience in investing, developing and managing industrial property, the Group is planning a transformation of its industry property segment. From only investing in heavy assets and "exiting" in the past, we will bring sustainability elements to the segment. The industrial property team of the Group has created management brands for the industrial property segment, and will, from now on, increase liaisons with business partners to provide management services in relation to project investment, design, construction, promotion and "exiting", so that both our business and our income can achieve diversified growth. Meanwhile, once existing projects are mature, the Group will also adopt strategies in line with that of our logistics assets, which are to sell projects at reasonable prices, and to realize the strategic goals of debt reduction, reinvestment and fund allocation.

MANAGEMENT DISCUSSION AND ANALYSIS

4) Belt & Road Initiative

The Sino-Cambodian SEZ project is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. This project has a planned target site area of 30,000,000 sq.m. Certificate for approximately 14,868,696 sq.m. of the land has been obtained. In December 2018, the project and an independent third party entered into a land acquisition agreement to further acquire land with an area of 1,130,208 sq.m. Currently, land certificate is being obtained in accordance with local Cambodian laws. After the completion of the acquisition, land held by the project will further increase to 15,998,904 sq.m. At the same time, we are proactively introducing strategic partners, and are actively conducting business negotiations. Currently, the compliance control design and certain municipal designs of the project have been completed. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the SEZ covers urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the "Belt and Road" initiative and provide Chinese merchants with a clustered integrated industrial platform. The custom, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer one-stop services to enterprises within the SEZ. The Group mainly conducts primary land development in the SEZ and sells the same to Chinese enterprises upon completion of land development to realize the returns of land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

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 for the Group in the future. Currently the overall project planning has been completed. The whole project will be developed in phases, and fund for development will be obtained by profits on land transfers and borrowings from financial institutions, and it is not expected to bring too much financial pressure to the Group.

5) Specialised Wholesale Market

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng") has been approved to establish a modern agricultural wholesale market project, including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesaling centre for agricultural products, serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq.m. and was put into operation in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq.m., and were put into operation in November 2017. Lot III is at the stage of design drawing optimization. As at 30 June 2019, the market had a rentable area of 171,629 sq.m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone, a public ancillary market facility zone, and a high temperature zone. In the first half of 2019, the average occupancy rate of the existing area was 49.01%, representing a stable growth from 47.08% for the same period last year.

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 61,967 sq.m., and is an 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. The average occupancy rate is maintained at approximately 91.17% for the 2019 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 North Lishi Road (near Financial Street, Xicheng District), Beijing. The average occupancy rate was approximately 78.33% for the 2019 Period. The hotel is a cash-generating asset which can sustain its own operation and distribute a stable dividend to the Company when needed.

The Group's two commercial property projects are both located in prime commercial locations and were previously acquired at a lower price. As commercial property business is not a core business of the Group, the Group will sell these two projects if appropriate prices arise.

7) Beijing Enterprises City Investment Holdings Group Co., Ltd. ("BE City Investment"): On 13 November 2017, the Group and strategic investors and its management established BE City Investment, 35% equity interest of which is held by the Group as the single largest shareholder. BE City Investment is a mixed investment holding group dominated by state-owned capital. With the core objective of investing in and consolidation of urban land resources and improving their values, BE City Investment is positioned to invest in and operate new urban infrastructures, introduce urban basic industries, build a new industry-city integration investment operator and an integrated urban public service provider. Its principal activities cover comprehensive investment in and development of urban land; comprehensive investment in and operation of old district redevelopment and urban renewal projects amidst the in-depth urbanization process; development, construction and operation of unique towns built on models such as cultural tourism and healthcare nursing located in suburban areas around China's core cities. During 2018, BE City Investment had actively established the presence in the key areas under China's strategic plan, and made full use of its shareholders' comprehensive strengths in general municipal planning, business integration, financing and technical innovations. After more than a year's planning, it has primarily created a nation-wide business model based on the development of industry-city integrated areas and the renewal of core cities, and has won the tender for the largest redevelopment project for old towns, old factories and old villlages in Foshan, a core city in the Greater Bay area, and also for a project in relation to the comprehensive development of an industry-city integrated area in Panlong, Kunming, a major city along China's "Belt and Road" initiative. With the vigorous development of the business model, the scale of operation is also expanding. In the future, the company will combine specific projects, in order to achieve the goal of becoming a unique comprehensive urban operation and investment group with a leading position in the PRC, and to realize development profits, so as to bring considerable returns of investment to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PROSPECTS

Since our formation, the Group has invested in residential, business property, logistics property and industrial property projects. After ten years of hard work and efforts to develop this industry, the current layout of the Group extends across logistics property businesses in north, east and south China. Through in-depth integration with local governments, enterprises and industry players, we have actively implemented our overall strategy. Meanwhile, the Group possesses unique strengths amidst market competition, which are mainly reflected in the following ways: As a state-owned enterprise, we enjoy advantages in accessibility to land, hence we can overcome the difficulty of obtaining land. We have a stable customer base that includes sizable enterprises from diversified sectors, such as Kerry Logistics, MOL Logistics, Nippon Express, Sinotrans, SF Express, JD.com etc. To the Group, such stable customer relations represent valuable assets and provide potential tenants to new projects. In addition, we have an experienced management team, which allows us to proactively study trends and capture market opportunities. As for cold chain, we have signed strategic cooperation agreements with Sinotrans, JD.com and SF Express between July and August 2019, which provide customers with quality protection of cold delivery.

The Group will keep abreast of national policies and seize opportunities for development in a timely manner, to further improve the strategic layout of the logistics property, industrial property and cold chain industry within our country. We will also proactively respond to the “Belt and Road” initiative to expand overseas business, operate our business model that comprises the “financing, investment, management and exit” stages, and actively make progress on adopting the asset light approach. At the same time, we will utilize existing resources and assets to foster new sources of profit growth, achieve diversified business revenue streams, and promote the sound development of our company.

The Group has never deviated from its positioning as a professional real estate developer. In previous years, we have proactively invested in and nurtured quality assets held under the Group, and has officially started to “exit” from certain projects in this year, so as to complete our whole business cycle, where profit is realized and a benign capital chain is created. Although Cycle 1 projects require a longer time for development, their values have been gradually realized, due to the large number of quality projects accumulated over the past. It is expected that the development cycle of the Group will be accelerated in future years, which will allow us to achieve sustainable profit, and to further increase our engagement in logistics property, industrial property, cold chain and primary land development. The Group is certain that it can deliver satisfactory returns to each of our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of business tax) for the 2019 Period amounted to approximately HK$206.44 million, representing an increase of approximately HK$7.57 million or 3.81%, from approximately HK$198.87 million for the 2018 Period. The gross profit for 2019 Period amounted to approximately HK$154.19 million, representing an increase of approximately HK$6.59 million, or 4.46% from approximately HK$147.60 million for the 2018 Period.

The revenue (net of business tax) contributions of the Group's assets included:

	2019		2018		Change	
Name of assets	**Revenue HK$'000**	**GP Margin %**	Revenue HK$'000	GP Margin %	Revenue HK$'000	GP Margin %
High-end and modern general warehouses business						
Shanghai	**45,806**		43,543		2,263	
Tianjin	**16,980**		17,776		(796)	
Xiamen	**14,748**		15,351		(603)	
Meishan	**7,206**		7,210		(4)	
Hainan	**8,900**		7,715		1,185	
Tongliao	**711**		1,570		(859)	
	94,351	**92.12**	93,165	91.23	1,186	0.89
Cold chain logistics warehouses and trading						
Tianjin	**17,100**		14,105		2,995	
Qingdao	**941**		1,195		(254)	
Beijing	**5,810**		–		5,810	
	23,851	**36.18**	15,300	43.80	8,551	(7.62)
Specialised wholesale markets						
Quzhou Tongcheng	**11,376**	**58.16**	9,078	46.97	2,298	11.19
Industrial properties						
Zhejiang	**10,998**		9,028		1,970	
Jiangsu	**891**		–		891	
	11,889	**93.73**	9,028	81.92	2,861	11.81
Commercial properties						
Guangzhou	**20,456**		22,858		(2,402)	
Beijing	**44,520**		49,439		(4,919)	
	64,976	**62.28**	72,297	61.22	(7,321)	1.06
The Group	**206,443**	**74.69**	198,868	74.22	7,575	0.47

MANAGEMENT DISCUSSION AND ANALYSIS

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the 2019 Period amounted to approximately HK$94.35 million, representing an increase of approximately HK$1.18 million or 1.27% from approximately HK$93.17 million for the 2018 Period. The increase was primarily attributable to the increase in average occupancy rate of Hainan and Shanghai warehouse. The gross profit margin slightly increased from approximately 91.23% for the 2018 period to approximately 92.12% for the 2019 Period.

Cold chain logistics warehouses and trading

The revenue contribution of cold chain logistics warehouses and trading for the 2019 Period amounted to approximately HK$23.85 million, representing an increase of approximately HK$8.55 million or 55.88% from approximately HK$15.30 million for the 2018 Period. The increase was primarily attributable to the commencement of trading business in the 2019 Period.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the 2019 Period amounted to approximately HK$11.38 million, representing an increase of approximately HK$2.30 million, or 25.33%, from approximately HK$9.08 million for the 2018 Period. The increase in revenue was primarily attributable to the increase in average occupancy rate and rental price in the 2019 Period.

Industrial properties

The revenue contribution of industrial properties for the 2019 Period amounted to approximately HK$11.89 million, representing an increase of approximately HK$2.86 million or 31.67% from approximately HK$9.03 million for the 2018 Period. The increase was primarily attributable to the increase in average occupancy rate of Zhejiang project and the completion of Jiangsu project in the 2019 Period.

Commercial properties

The revenue contribution of commercial properties for the 2019 Period amounted to approximately HK$64.98 million, representing a decrease of approximately HK$7.32 million or 10.12% from approximately HK$72.30 million for the 2018 Period. The decrease was primarily attributable to the decrease in profit sharing from a leasee of HK$2.16 million from Guangzhou Guangming and the decrease in average occupancy rate of BJ Holiday Inn in the 2019 Period. The gross profit margin slightly increased from approximately 61.22% for the 2018 Period to approximately 62.28% for the 2019 Period.

Changes in fair value of investment properties, net

During the 2019 Period, net fair value gain of investment properties was approximately HK$136.59 million, the gain was mainly attributable to the fair value increment of properties located in Quzhou, Changshu, Jiaxing, Taicang and Wuzhong.

Other income and gains, net

During the 2019 Period, net other income and gains were approximately HK$68.29 million, which represented an increase of approximately HK$5.01 million, or 7.90%, from approximately HK$63.28 million for the 2018 Period. The increase in net other income and gains was primarily related to the increment in government grants.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

During the 2019 Period, selling and distribution expenses were approximately HK$7.82 million, which represented an increase of approximately HK$0.49 million, or 6.68%, from approximately HK$7.33 million for the 2018 Period.

Administrative expenses

During the 2019 Period, administrative expenses were approximately HK$112.37 million, which represented an increase of approximately HK$8.71 million, or 8.40%, from approximately HK$103.66 million for the 2018 Period. The increase in administrative expenses was primarily related to expenses for the business expansion in industrial property business and cold chain warehouses business.

Other expenses

During the 2019 Period, other expenses were approximately HK$5.62 million, which represented a decrease of approximately HK$0.37 million, or 6.18%, from approximately HK$5.99 million for the 2018 Period.

Finance costs

During the 2019 Period, finance costs were approximately HK$242.20 million, representing an increase of approximately HK$33.33 million, or 15.96%, from approximately HK$208.87 million for the 2018 Period. The finance costs included: (i) interest on bank and other loans of approximately HK$87.38 million (2018 Period: approximately HK$72.01 million); and (ii) interest on USD guaranteed bonds of approximately HK$154.82 million (2018 Period: approximately HK$136.86 million). The increase in finance cost was primarily related to the increase in interest on USD guaranteed bonds of HK$17.96 million as the interest rate of the bond issued in 2018 is 9% which is higher than the bond repaid in November 2018 of 5.5%.

Share of profits and losses of joint ventures

During the 2019 Period, the share of profits of joint ventures of approximately HK$100.00 million was mainly contributed by BIPL. The increase in sharing profits of joint ventures for 2019 compared to 2018 was primarily related to the fair value increment in investment properties of BIPL.

Share of losses of associates

During the 2019 Period, the share of losses of associates of approximately HK$27.19 million was mainly contributed by share the results of Beijing Enterprises Medical and Health Industry Group Limited ("BE M&H"), a listed company on The Stock Exchange of Hong Kong Limited and BE City Investment.

Income tax expense

Income tax expense for the 2019 Period included current income tax of HK$17.37 million (2018 Period: HK$13.27 million). Deferred tax expense for the 2019 Period was HK$46.14 million (2018 Period: deferred tax credit of HK$1.73 million) which arose from the change in the fair value of investment properties.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment properties

Investment properties increased by approximately HK415.16 million, which was mainly due to (i) the construction of warehouse for industrial property business of HK$234.81 million; (ii) the increase in fair value of HK$136.59 million; and (iii) the acquisition of land in Jiaozhou City of HK$40.57 million during 2019 Period.

Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business. There was no movement during the 2019 Period.

Interests in joint ventures

Interests in joint ventures decreased by approximately HK$4.14 million, which was mainly due to the net effect of (i) share of profits of HK$100.00 million during 2019 Period; (ii) capital injection to BIPL of HK$117.09 million; and (iii) repayment of loans granted to BIPL of HK$176.52 million.

Interests in associates

Interests in associates increased by approximately HK$57.87 million, mainly due to acquisition of Beijing BHL Logistics Limited ("BBHL Logistics") during 2019 Period.

Equity investment at fair value through other comprehensive income

Equity investment decreased by approximately HK$1.94 million, which was due to the drop in closing market price as at 30 June 2019 of CAQ comparing to the last year. As at 30 June 2019, the closing market price of CAQ quoted on Australian Securities Exchange was A$0.035 and the fair value of 108,628,000 shares of CAQ held by the Company was A$3.80 million (equivalent to approximately HK$20.85 million) which was recognised in the consolidated financial statements of the Group.

Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia and Jiangsu for the Group primary land development business and industrial property business, respectively.

Cash and cash equivalents (including restricted cash)

Cash and cash equivalents decreased by HK$494.36 million, mainly due to the net effect of (i) refund of deposit received for setting up a fund of HK$625.96 million; (ii) capital injection in associates and joint ventures of HK$197.69 million; (iii) repayment of loans from BIPL of HK$294.65 million; (iv) net bank loans of HK$482.21 million drawn; and (v) addition of investment properties of HK$329.62 million.

Due to other related parties

Due to other related parties was mainly representing funding granted by the non-controlling shareholder of the Company's subsidiary located in Cambodia, the amount is unsecured, interest-free and not repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank borrowings

Bank borrowings increased by HK$481.53 million (non-current portion increased by HK$211.58 million and current portion increased by HK$269.95 million), mainly due to the net effect of utilising to finance for the construction of projects in the PRC.

Guaranteed bonds

Guaranteed bonds represented a 3 years' period bond issued in March 2017 which has a par value of USD300 million and a 2 years' period bond issued in August 2018 which has a par value of USD250 million.

Liquidity and financial resources

As at 30 June 2019, for accounting purposes, the Group had total borrowings of approximately HK$8,254.68 million (31 December 2018: approximately HK$7,756.03 million) which included: (i) approximately HK$3,991.53 million from bank borrowings; and (ii) approximately HK$4,263.15 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank borrowing and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 105.60% (31 December 2018: approximately 90.34%).

As at 30 June 2019, the Group's balance of bank borrowings amounted to approximately HK$3,991.53 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 50.65%, 13.33% and 36.02%, respectively. 34.70% of these bank borrowings was repayable less than one year. As at 30 June 2019, the Group's cash and bank balances amounted to approximately HK$1,326.00 million, which were denominated in USD, HK$ and RMB as to 42.72%, 3.17% and 54.11%, respectively. Bank borrowings of an aggregate amount of HK$3,546.19 million bear interest at floating rates, the USD guaranteed bonds issued in March 2017 and August 2018 bear coupon rates of 4.375% and 9.00% per annum, respectively. The cash and bank balances, together with the unutilized banking facilities, are sufficient to finance the Group's businesses at the moment. As at 30 June 2019, the Group's current ratio and quick ratio were approximately 35.23% and 33.11%, respectively (31 December 2018: approximately 76.15% and 72.83%, respectively). The net total borrowings of the Group as at 30 June 2019 (total borrowings less cash and cash equivalents and restricted cash) was HK$6,928.68 million (31 December 2018: HK$5,935.67 million), representing an increase of HK$993.01 million as compared to the previous year.

Contingent liabilities

As at 30 June 2019, the Group had no contingent liabilities (31 December 2018: Nil).

Capital expenditures

During the 2019 Period, the Group spent approximately HK$414 million (2018 Period: approximately HK$573 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and land held for development or sale.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital commitments

As at 30 June 2019, the Group had outstanding contracted capital commitments amounted to approximately HK$894.83 million in aggregate which comprised commitments for:

– the outstanding land costs of approximately USD29.27 million (equivalent to approximately HK$229.16 million) for primary land development business.

– the outstanding construction costs of approximately RMB476.82 million (equivalent to approximately HK$542.34 million) committed for logistics facilities.

– the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$119.43 million) payable for BE City Investment.

– the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK$3.90 million) payable for a joint venture.

Treasury policies

The Group adopts conservative treasury and risk management policies and controls tightly over its cash. The Group's cash and cash equivalents are held mainly in HK$, RMB and USD. Surplus cash is generally placed in short term deposits denominated in these currencies.

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK$ and USD. During the 2019 Period, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Charges on assets

As at 30 June 2019, the Group had bank loans with principal amounts of approximately HK$1,909.25 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 30 June 2019, the Group had no pending litigation.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to recommended the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had a total of 700 (six months ended 30 June 2018: 615) employees. Total staff cost incurred during the 2019 Period amounted to approximately HK$60.83 million (six months ended 30 June 2018: HK$57.95 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, 30 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		For the six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
REVENUE	4	**206,443**	198,868
Cost of sales and services		**(52,253)**	(51,264)
Gross profit		**154,190**	147,604
Change in fair value of investment properties, net		**136,591**	–
Other income and gains, net	4	**68,290**	63,282
Selling and distribution expenses		**(7,818)**	(7,327)
Administrative expenses		**(112,370)**	(103,655)
Other expenses		**(5,623)**	(5,987)
Finance costs	5	**(242,203)**	(208,872)
Share of profits and losses of:			
Joint ventures		**99,995**	(71)
Associates		**(27,185)**	(9,802)
PROFIT/(LOSS) BEFORE TAX	6	**63,867**	(124,828)
Income tax	7	**(63,507)**	(11,542)
PROFIT/(LOSS) FOR THE PERIOD		**360**	(136,370)
Attributable to:			
Shareholders of the Company		**(80,592)**	(158,553)
Non-controlling interests		**80,952**	22,183
		360	(136,370)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	9	**HK(1.16) cents**	HK(2.31) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE PERIOD	**360**	(136,370)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**(11,494)**	(120,147)
– Share of other comprehensive income/(loss) of:		
Joint ventures	**(1,883)**	(12,611)
Associates	**6,812**	(4,804)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(6,565)**	(137,562)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	**(1,935)**	(21,420)
– Share of other comprehensive loss of associates	**(2,182)**	(109)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(4,117)**	(21,529)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL	**(10,682)**	(159,091)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(10,322)**	(295,461)
Attributable to:		
Shareholders of the Company	**(88,229)**	(295,932)
Non-controlling interests	**77,907**	471
	(10,322)	(295,461)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,112,314**	1,135,586
Investment properties	10	**8,051,587**	7,636,423
Prepaid land lease payments		**–**	83,072
Right-of-use assets		**84,621**	–
Goodwill		**186,104**	186,104
Interests in joint ventures		**1,791,783**	1,795,922
Interests in associates		**935,658**	877,790
Equity investment at fair value through other comprehensive income		**20,852**	22,787
Prepayments, deposits and other receivables		**29,647**	29,681
Land held for development or sale		**4,348,051**	4,316,982
Pledged and restricted bank deposits		**10,925**	62,759
Deferred tax assets		**22,036**	28,325
Total non-current assets		**16,593,578**	16,175,431
CURRENT ASSETS			
Properties held for sale		**91,939**	91,995
Inventories		**9,116**	1,695
Trade receivables	11	**15,682**	10,633
Prepayments, deposits and other receivables		**125,247**	101,127
Due from a joint venture		**117,839**	153,813
Due from associates		**111**	29,126
Pledged and restricted bank deposits		**31,496**	656,199
Cash and cash equivalents		**1,283,577**	1,101,402
Total current assets		**1,675,007**	2,145,990

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	12	**9,054**	9,553
Other payables and accruals		**554,070**	1,106,628
Due to a joint venture		**414**	127,239
Due to other related parties		**177,952**	167,900
Derivative financial instrument		**16,244**	–
Bank borrowings		**1,385,249**	1,115,297
Guaranteed bonds		**2,329,363**	–
Income tax payables		**57,124**	65,801
Provision for compensation		**224,766**	225,586
Total current liabilities		**4,754,236**	2,818,004
NET CURRENT LIABILITIES		**(3,079,229)**	(672,014)
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,514,349**	15,503,417
NON-CURRENT LIABILITIES			
Due to an associate		**194,676**	–
Due to other related parties		**452,742**	451,948
Bank borrowings		**2,606,278**	2,394,701
Guaranteed bonds		**1,933,784**	4,246,036
Derivative financial instrument		**–**	20,937
Deferred revenue		**119,371**	210,481
Defined benefit obligations		**19,404**	19,427
Deferred tax liabilities		**1,627,048**	1,589,657
Total non-current liabilities		**6,953,303**	8,933,187
Net assets		**6,561,046**	6,570,230
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	13	**696,933**	696,933
Reserves		**3,145,416**	3,233,645
		3,842,349	3,930,578
Non-controlling interests		**2,718,697**	2,639,652
Total equity		**6,561,046**	6,570,230

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to shareholders of the Company												
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Capital and other reserves	Financial asset revaluation reserve	Defined benefit plan reserve	Exchange fluctuation reserve	PRC statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	(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
At 1 January 2019	696,933	1,762,147	367,278	180,715	(62,281)	(107,495)	(5,828)	(567,139)	9,238	1,657,010	3,930,578	2,639,652	6,570,230
Profit for the period	–	–	–	–	–	–	–	–	–	(80,592)	(80,592)	80,952	360
Other comprehensive income/(loss) for the period:													
– Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(9,114)	–	–	(9,114)	(2,380)	(11,494)
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax effect of nil	–	–	–	–	–	(1,935)	–	–	–	–	(1,935)	–	(1,935)
– Share of other comprehensive loss of joint ventures	–	–	–	–	–	–	–	(1,218)	–	–	(1,218)	(665)	(1,883)
– Share of other comprehensive income/(loss) of associates	–	–	–	–	(363)	(1,819)	–	6,812	–	–	4,630	–	4,630
Total comprehensive loss for the period	–	–	–	–	(363)	(3,754)	–	(3,520)	–	(80,592)	(88,229)	77,907	(10,322)
Contribution from the non-controlling equity holder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,138	1,138
Transfer to reserves	–	–	–	–	–	–	–	–	1,890	(1,890)	–	–	–
At 30 June 2019	696,933	1,762,147*	367,278*	180,715*	(62,644)*	(111,249)*	(5,828)*	(570,659)*	11,128*	1,574,528*	3,842,349	2,718,697	6,561,046
At 1 January 2018	685,260	1,730,046	367,278	180,715	(17,399)	(81,738)	(2,675)	(142,654)	3,004	1,697,486	4,419,323	2,373,316	6,792,639
Loss for the period	–	–	–	–	–	–	–	–	–	(158,553)	(158,553)	22,183	(136,370)
Other comprehensive income/(loss) for the period:													
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax effect of nil	–	–	–	–	–	(21,420)	–	–	–	–	(21,420)	–	(21,420)
– Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(102,800)	–	–	(102,800)	(17,347)	(120,147)
– Share of other comprehensive income of a joint venture	–	–	–	–	–	–	–	(8,246)	–	–	(8,246)	(4,365)	(12,611)
– Share of other comprehensive income/(loss) of an associate	–	–	–	–	2,372	(2,481)	–	(4,804)	–	–	(4,913)	–	(4,913)
Total comprehensive loss for the period	–	–	–	–	2,372	(23,901)	–	(115,850)	–	(158,553)	(295,932)	471	(295,461)
Transfer to reserve	–	–	–	–	–	–	–	–	4,177	(4,177)	–	–	–
Deemed disposal of subsidiaries without loss of control	–	–	–	–	3,111	–	–	–	–	–	3,111	236,204	239,315
Reclassification	–	–	–	–	–	8,120	–	–	–	(8,138)	(18)	–	(18)
At 30 June 2018	685,260	1,730,046	367,278	180,715	(11,916)	(97,519)	(2,675)	(258,504)	7,181	1,526,618	4,126,484	2,609,991	6,736,475

* These reserve accounts comprise the consolidated reserves of HK$3,145,416,000 (Unaudited)(31 December 2018: HK$3,233,645,000) in the condensed consolidated statement of financial position as at 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from/(used in) operating activities	**19,965**	(46,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(1,061)**	(3,324)
Acquisition of investment properties	**(322,237)**	(343,561)
Government grants received	**34,665**	58,236
Investments in joint ventures	**(245,398)**	(91,896)
Investment in an associate	**(80,597)**	(124,357)
Proceeds from disposal of items of property, plant and equipment	**–**	212
Refund of deposits paid for acquisition of subsidiaries	**–**	91,296
Advance to a joint venture	**(28,888)**	–
Repayment of loans advanced to a joint venture	**294,653**	–
Deposit received from disposal of subsidiaries	**–**	351,000
Interest received	**8,538**	12,255
Decrease/(increase) in time deposits with maturity of more than three months when acquired	**74,974**	(64,361)
Net cash flows used in investing activities	**(265,351)**	(114,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling equity holders of a subsidiary	**1,138**	–
New loans	**782,578**	253,702
Repayment of loans	**(300,368)**	(101,867)
Deposit received for partial disposal of a subsidiary	**–**	61,510
Net advances from other related parties	**–**	15,231
Advance from an associate	**197,774**	–
Interest paid	**(225,306)**	(150,643)
Net cash flows from financing activities	**455,816**	77,933

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**210,430**	(83,266)
Cash and cash equivalents at beginning of period	**1,077,328**	1,458,523
Effect of foreign exchange rate changes, net	**(3,863)**	(7,767)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,283,895**	1,367,490
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	**1,283,577**	1,617,713
Add: Restricted cash and pledged deposits in connection with bank borrowings	**42,421**	31,680
Less: Time deposits with maturity of more than three months when acquired	**(42,103)**	(281,903)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**1,283,895**	1,367,490

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2019 has 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"). The interim condensed consolidated financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which became effective for the first time for the current period's financial statements, as further detailed in note 2 below.

In preparing the interim condensed consolidated financial information, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that (i) the Group had net current liabilities of HK$3,079 million and capital commitments of HK$894 million as at 30 June 2019; and (ii) a consideration payable to MJQ Investment Limited (the "Subscriber") for the purchase of shares in China Logistics Infrastructures (Holdings) Limited ("China Logistics") from the Subscriber, details of which are set out in note 17 to this interim condensed consolidated financial information. The Directors of the Company consider that the Group will be able to continue as a going concern, based on (i) the Group's internal financial resources; (ii) the unutilised banking facilities available to the Group; (iii) the new bank borrowing obtained subsequently after 30 June 2019 and (iv) the new banking facilities currently under negotiation.

In addition, the Company has an existing plan to realise certain investments and/or properties, and will consider to seek financial support from the immediate holding company to meet the liabilities as and when they fall due.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

2. CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases and Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors with continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contacts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of new and revised HKFRSs (Continued)

(a) (Continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS16

The Group has lease contracts for properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-or-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The Group elected to present these right-of-use assets separately in the statement of financial position. Accordingly, the Group recognised right-of-use assets of HK$86,122,000 and derecognised prepaid land lease payments and prepayment, deposits and other receivables of HK$83,072,000 and HK$3,050,000, respectively, as at 1 January 2019.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Short term liabilities

The Group applies the short term lease recognition exemption to short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognised as expense on a straight line basis over the lease term.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of new and revised HKFRSs (Continued)

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on usages of properties held and has four reportable operating segments as follows:

a. the properties business segment engages in the leasing of commercial properties in Mainland China and provision of related management services, and a hotel operation in Beijing, the People's Republic of China (the "PRC");

b. the logistics business segment engages in the leasing of warehouse facilities in Mainland China and provision of related services;

c. the industrial business segment engages in the leasing of industrial facilities in Mainland China and provision of related management services; and

d. the primary land development business segment engages in the sale of land held for development or sale and provision of primary land development services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit/loss, which is a measure of the Group's profit/loss before tax, except that interest income, finance costs, fair value gain of derivative instrument, foreign exchange difference, as well as head office and corporate income/expenses are excluded from such measurement.

Segment assets excluded amounts due from a joint venture and associates, pledged and restricted bank deposits, restricted cash, cash and cash equivalents, deferred tax assets 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, 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Industrial business		Primary land development business		Total	
	For the six months ended 30 June 2019 (Unaudited) HK$'000	For the six months ended 30 June 2018 (Unaudited) HK$'000	**For the six months ended 30 June 2019 (Unaudited) HK$'000**	For the six months ended 30 June 2018 (Unaudited) HK$'000	**For the six months ended 30 June 2019 (Unaudited) HK$'000**	For the six months ended 30 June 2018 (Unaudited) HK$'000	**For the six months ended 30 June 2019 (Unaudited) HK$'000**	For the six months ended 30 June 2018 (Unaudited) HK$'000	**For the six months ended 30 June 2019 (Unaudited) HK$'000**	For the six months ended 30 June 2018 (Unaudited) HK$'000
Segment revenue:										
Sales to external customers	**64,976**	72,297	**129,578**	117,543	**11,889**	9,028	**–**	–	**206,443**	198,868
Fair value gain of investment properties, net	**(7,710)**	–	**67,554**	–	**76,747**	–	**–**	–	**136,591**	–
Reconciliation:										
Fair value gain of a derivative instrument									**4,693**	–
Bank interest income									**8,538**	12,255
Other interest income									**3,606**	20,185
Foreign exchange differences, net									**2,984**	–
Other unallocated gains									**48,469**	30,842
Revenue, other income and gains, net									**411,324**	262,150
Segment results:										
The Group	**149**	10,165	**148,839**	39,754	**75,531**	(2,394)	**(704)**	(2,499)	**223,815**	45,026
Share of profits/(losses) of:										
Joint ventures	**–**	–	**99,995**	(71)	**–**	–	**–**	–	**99,995**	(71)
Associates	**(10,825)**	(2,277)	**41**	–	**–**	–	**(16,401)**	(7,525)	**(27,185)**	(9,802)
									296,625	35,153
Reconciliation:										
Fair value gain of a derivative instrument									**4,693**	–
Bank interest income									**8,538**	12,255
Other interest income									**3,606**	20,185
Foreign exchange differences, net									**2,984**	(4,969)
Other unallocated gains									**48,469**	30,842
Corporate and other unallocated expenses									**(58,845)**	(9,422)
Finance costs									**(242,203)**	(208,872)
Profit/(loss) before tax									**63,867**	(124,828)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. OPERATING SEGMENT INFORMATION (Continued)

	Properties business		Logistics business		Industrial business		Primary land development business		Total	
	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000
Segment assets	**3,098,661**	3,133,858	**7,721,097**	7,374,759	**1,570,352**	1,212,537	**4,392,994**	4,399,577	**16,783,104**	16,120,731
Reconciliation:										
Corporate and other unallocated assets									**1,485,481**	2,200,690
Total assets									**18,268,585**	18,321,421
Segment liabilities	**(411,928)**	(401,321)	**(197,837)**	(921,880)	**(180,584)**	(111,765)	**(2,391)**	(2,430)	**(792,740)**	(1,437,396)
Reconciliation:										
Corporate and other unallocated liabilities									**(10,914,799)**	(10,313,795)
Total liabilities									**(11,707,539)**	(11,751,191)

Geographical information

(a) Geographical information of revenue is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China.

(b) Non-current assets

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Mainland China	**12,220,536**	11,533,311
Cambodia	**4,120,520**	4,120,300
Others	**1,308**	2,620
	16,342,364	15,656,231

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the six months ended 30 June 2019 and the six months ended 30 June 2018, the Group had no single external customer which contributed over 10% of the Group's total revenue for each of these periods.

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 valued-added tax, business tax and government surcharges; (3) the management fee income from the services rendered, net of value-added tax and government surcharges; and (4) trading income, net of valued-added tax, business tax and government surcharges.

An analysis of the Group's revenue, other income and gains, net is as follows:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Gross rental income	**126,681**	132,665
Property management service income	**10,633**	6,595
Logistics and other ancillary service income	**18,792**	10,169
Hotel operation	**44,520**	49,439
Trading income	**5,817**	–
	206,443	198,868
Other income		
Bank interest income	**8,538**	12,255
Other interest income	**3,606**	20,185
Government grants	**38,413**	26,791
Others	**10,056**	4,051
	60,613	63,282
Gains, net		
Fair value gain of a derivative financial instrument	**4,693**	–
Foreign exchange differences, net	**2,984**	–
	7,677	–
Other income and gains, net	**68,290**	63,282

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

5. FINANCE COSTS

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans	**87,385**	72,011
Interest on guaranteed bonds	**154,818**	136,861
	242,203	208,872

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Direct cost of rental income	**10,750**	26,665
Cost of hotel operation	**23,392**	24,599
Cost of services provided	**12,348**	–
Cost of goods sold	**5,763**	–
Depreciation*	**23,618**	19,651
Amortisation of prepaid land lease payments	**–**	971
Amortisation of right-of-use assets	**1,475**	–
Foreign exchange differences, net	**(2,984)**	4,969

* Depreciation of HK$12,170,000 (six months ended 30 June 2018: HK$10,129,000) 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 INFORMATION

For the six months ended 30 June 2019

7. INCOME TAX

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

PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on prevailing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China:		
Current	**17,365**	13,269
Deferred	**46,142**	(1,727)
	63,507	11,542

8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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$80,592,000 (six months ended 30 June 2018: HK$158,553,000), and the weighted average number of 6,969,331,680 (six months ended 30 June 2018: 6,852,600,585) 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 2019 and the six months ended 30 June 2018 in respect of a dilution as the share options outstanding had no diluting effect on the basic loss per share amounts presented.

10. INVESTMENT PROPERTIES

Except for certain investment properties located in Shanghai, Guangzhou, Quzhou, Tianjin, Changshu, Jiaxing, Wuzhong and Taicang, the PRC, with a total fair value of HK$1,961,698,000, HK$1,667,428,000, HK$1,073,706,000, HK$515,810,000, HK$580,074,000, HK$345,770,000, HK$92,243,000 and HK$158,726,000, respectively, as at 30 June 2019, the fair value of the remaining investment properties of the Group as at 30 June 2019 was arrived at the quoted open market value by reference to the fair value of these investment properties as at 31 December 2018 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 2019.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

11. TRADE RECEIVABLES

Trade receivables of the Group as at 30 June 2019 and 31 December 2018 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 ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Within one month	**14,627**	7,934
One to three months	**862**	2,480
Over three months	**193**	219
	15,682	10,633

Management estimated credit losses on trade receivables are close to zero as the trade receivables are secured by cash deposits from customers and have no recent history of default.

12. TRADE PAYABLES

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

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Within one month	**5,501**	5,445
One to three months	**1,523**	3,609
Over three months	**2,030**	499
	9,054	9,553

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

13. SHARE CAPITAL

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
6,969,331,680 ordinary shares of HK$0.10 each	**696,933**	696,933

14. CAPITAL COMMITMENTS

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

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Contracted, but not provided for:		
Capital injection into an associate	**119,427**	119,501
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities	**542,337**	192,363
Purchase of land	**229,164**	229,164
Total capital commitments	**894,828**	544,928

In addition, the Group's share of joint ventures' own capital commitments, which are contracted but not provided for and not included in the above disclosure, amounted to HK$796,666,000 (31 December 2018: HK$700,847,000).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

15. RELATED PARTY DISCLOSURES

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

		For the six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Interest income, net of withholding tax received or receivable from a joint venture	(i)	**3,606**	9,960
Interest income from a fellow subsidiary	(ii)	**518**	–
Rental income received from subsidiaries of a non-controlling equity holder	(iii)	**–**	1,002
Rental expense paid or payable to a fellow subsidiary	(iv)	**447**	523
Key management personnel service fees paid to a hotel manager	(v)	**1,849**	2,033
Management fee paid or payable to subsidiaries of non-controlling equity holders	(vi)	**–**	3,282

(i) The interest income was charged on bank entrusted loans advanced to a joint venture at mutually-agreed rates.

(ii) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and Beijing Enterprises Group Finance Co., Ltd. ("BG Finance") on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non-wholly-owned subsidiary of Beijing Enterprises Group and acts as a platform for members of Beijing Enterprises Group for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 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 Deposit Agreement are set out in the Company's announcement dated 28 April 2017.

The deposits placed by the Group with BG Finance as at 30 June 2019 amounted to HK$266,616,000 (31 December 2018: HK$236,970,000).

(iii) The rental income related to the lease of an office and warehouses by the Group to subsidiaries of a non-controlling equity holder for their business activities and was determined by reference to the prevailing market rentals at the time when the rental agreements were entered into.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

15. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

(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.

(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 Stateowned 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short term employee benefits	**9,129**	9,205
Pension scheme contributions	**827**	301
Total compensation paid to key management personnel	**9,956**	9,506

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

16. 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 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000
Non-current financial liabilities:				
Due to an associate	**194,676**	–	**181,438**	–
Due to other related parties	**452,742**	451,948	**421,956**	421,216
Bank borrowings	**2,606,278**	2,394,701	**2,499,967**	2,331,533
Guaranteed bonds	**1,933,784**	4,246,036	**1,899,184**	4,209,556
	5,187,480	7,092,685	**5,002,545**	6,962,305

17. EVENTS AFTER THE REPORTING PERIOD

The Group has the following significant event after the reporting period:

On 12 July 2019, the Company received the notice of put option from the Subscriber whereby the Company is required to purchase from the Subscriber the shares of China Logistics at a consideration in the range of RMB1,137,050,603 (when the completion date is 13 July 2019) to RMB1,167,534,548 (when the completion date is 8 January 2020). The completion date is expected to be 8 January 2020 (or any earlier date as agreed by the parties thereto). Upon completion of the put option, China Logistics will become a wholly owned subsidiary of the Group.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2019.

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 EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the interests and short positions of the directors and the chief executive of the Company in the shares and 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:

	Number of ordinary shares					
Name of Directors	Personal Interest	Family Interest	Corporate interest	Other interest	Total	Approximate percentage of the Company's issued share capital *(Note 2)*
Mr. Yu Luning	9,690,000	0	0	0	9,690,000	0.139%
Mr. Ng Kin Nam	98,445,200	9,729,000	42,491,800 *(Note 1)*	0	150,666,000	2.162%

Notes:

1. 42,491,800 ordinary shares of HK$0.10 each in the share capital of the Company ("Shares") as at 30 June 2019 are held by Jade Investment Limited which is beneficially owned by Mr. Ng Kin Nam and the spouse of Mr. Ng Kin Nam.

2. The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2019 of 6,969,331,680 Shares.

DISCLOSEABLE INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Long position in underlying shares of the Company:

The interests of the directors and chief executives 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 2019, none of the directors or chief executives 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 or the SFO.

SHARE OPTION SCHEME

On 18 March 2010, the Company adopted a share option scheme (the "Scheme") and, unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and Directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders of the Company. The Directors of the Company may, at their discretion, invite employees (including executive Directors) and non-executive Directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK$1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the Board 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 the share options is determinable by the Board, 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 on the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of an ordinary share of the Company. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. 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.

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEME (continued)

The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2019:

Name or category of participant	Number of share options: At 1 January 2019	Granted during the year *(Note 2)*	Exercised during the year *(Note 2)*	Cancelled during the year	At 30 June 2019	Date of grant of share options *(Note 1)*	Exercise period of share options	Exercise price of share options HK$ per share *(Note 1)*
Directors:								
Mr. Qian Xu	6,000,000	–	–	–	6,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	6,000,000	–	–	–	6,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	10,000,000	–	–	–	10,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	–	–	–	9,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	–	–	–	4,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	5,000,000	–	–	–	5,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	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			
Mr. Zhao Jiansuo	1,500,000	–	–	–	1,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,200,000	–	–	–	3,200,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	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 31-May-22	0.410
	6,000,000	–	–	–	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	–	–	–	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	–	–	–	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	–	–	–	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	28,000,000	–	–	–	28,000,000			
Mr. Dong Qilin	3,000,000	–	–	–	3,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	–	–	–	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	–	–	–	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	–	–	–	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	–	–	–	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	19,300,000	–	–	–	19,300,000			
Mr. Li Changfeng	2,500,000	–	–	–	2,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	–	–	–	3,300,000	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	–	–	–	3,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	–	–	–	2,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	–	–	–	2,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	18,800,000	–	–	–	18,800,000			

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options: At 1 January 2019	Granted during the year (Note 2)	Exercised during the year (Note 2)	Cancelled during the year	At 30 June 2019	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
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 31-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. Yu Luning	5,000,000	–	–	–	5,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,000,000	–	–	–	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	–	–	–	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	3,000,000	–	–	–	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	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			
Mr. Goh Gen Cheung	2,000,000	–	–	–	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	–	–	–	1,837,700	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	–	–	–	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	8,337,700	–	–	–	8,337,700			
Mr. Zhu Wuxiang	2,000,000	–	–	–	2,000,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	–	–	–	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	–	–	–	6,500,000			
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			

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	At 1 January 2019	Granted during the year (Note 2)	Exercised during the year (Note 2)	Cancelled during the year	At 30 June 2019	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
Mr. Song Lishui	1,000,000	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
Other employees and consultants in aggregate:	140,500,000	–	–	–	140,500,000	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	243,375,400	–	–	–	243,375,400	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	117,400,000	–	–	–	117,400,000	24-May-13	24-May-13 to 23-May-23	0.574
	147,200,000	–	–	–	147,200,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	24,000,000	–	–	–	24,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	55,000,000	–	–	–	55,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	727,475,400	–	–	–	727,475,400			
	906,113,100	–	–	–	906,113,100			

Notes:

1. The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

2. Save as disclosed above, at no time during the year 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs "Directors' and Chief Executives' interests in shares and underlying shares" and "Share option scheme", at no time during the six months ended 30 June 2019 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 spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, its holding companies, 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.

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

As at 30 June 2019, so far as was known to the directors or chief executive of the following persons (not being Directors or chief executive of the Company) had, an interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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:

		Number of shares held, capacity and nature of interest		Number of underlying shares held, capacity and nature of interest			Approximate percentage of the Company's issued share capital
Name	Notes	Directly beneficially owned	Through a controlled corporation	Directly beneficially owned	Through a controlled corporation	Total	(%)
Brilliant Bright Holdings Limited	(a)	1,557,792,500	–	–	–	1,557,792,500	22.35%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,505,010,407	1,557,792,500	–	–	4,062,802,907	58.30%
北京北控置業集團有限公司 (Beijing Enterprises Real-Estate Group Limited)	(c)	–	4,062,802,907	–	–	4,062,802,907	58.30%
Illumination Holdings Limited	(d)	87,451,458	–	–	–	87,451,458	1.25%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	–	–	574,617,653	8.24%
Beijing Enterprises Group Company Limited	(f)	–	4,637,420,560	–	–	4,637,420,560	66.54%
Thular Limited	(g)	327,196,000	–	–	–	327,196,000	4.69%
Kerry Holdings Limited	(g)	–	327,196,000	–	–	327,196,000	4.69%
Kerry Group Limited	(g)	–	327,196,000	–	–	327,196,000	4.69%

Notes:

(a) Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 Shares.

(b) Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) holds 2,505,010,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly-owned subsidiary, Brilliant Bright.

(c) BEREHK is a wholly-owned subsidiary of 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 of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.

(f) BE Real Estate and BHL are wholly-owned subsidiaries of 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") is the beneficial owner of 327,196,000 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.

Save as disclosed above, as at 30 June 2019, no person whose interests 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

Biographical details of the Directors are available on the Company's website.

There is no other change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2018 annual report of the Company up to the date of this interim report.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Tenor	Final maturity	Specific performance obligations
2 March 2017	Subscription agreement for issuance of bonds	USD300 million	3 years	March 2020	Note 1
11 December 2017	Term loan facility with a bank	USD200 million	3 years	December 2020	Note 1
7 June 2018	Revolving loan facility with a bank	HK$200 million	maximum of each drawing up to three months	–	Note 1
10 August 2018	Subscription agreement for issuance of bonds	USD250 million	2 years	August 2020	Note 1
21 February 2019	Revolving loan facility with a bank	HK$350 million	1 year	February 2020	Note 1
13 June 2019	Term loan facility with a bank	HK$181.9 million USD6.48 million	3 years	June 2022	Note 1
24 July 2019	Uncommitted facility with a bank in related to irrevocable letter of credit & trust receipt loan	USD10 million	1 year	July 2020	Note 1

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.

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 2019.

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 2019, 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 2019, not all independent non-executive directors attended general meetings of the Company due to other business engagements, which deviates from code provision A.6.7.

Under code provision E.1.2, the chairman of the board should attend the Annual General Meeting and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. However, the chairman of the board and the chairman of nomination were unable to attend the annual general meeting held on 14 June 2019 (the "2019 AGM") due to their other business commitments. Our chairman appointed Mr. Cheng Ching Fu, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit and remuneration committees also attended the 2019 AGM.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the six months ended 30 June 2019.

AUDIT COMMITTEE

The audit committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls, risk management and financial reporting of the Group, including review of the unaudited results for the six months ended 30 June 2019 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

During the six months ended 30 June 2019, 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.