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北控醫療健康產業集團有限公司
Beijing Enterprises Medical And Health Industry Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2389)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2020

The board of directors (the “Board”) of Beijing Enterprises Medical and Health Industry Group Limited (the “Company”) presents the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019. The interim condensed consolidated financial information has not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	65,355	69,955
Cost of sales		(51,502)	(48,220)
Gross profit		13,853	21,735
Other income and gains, net	5	37,382	27,006
Selling and distribution expenses		(15,849)	(6,636)
Administrative expenses		(54,368)	(76,116)
Impairment losses on financial asset		(2,582)	(67)
Other expenses and losses		(47,486)	(19,732)
Finance costs	6	(1,240)	(5,261)
Share of profits and losses of:			
joint ventures		(1,176)	(1,729)
associates		(8,366)	(11,298)
LOSS BEFORE TAX	7	(79,832)	(72,098)
Income tax (expense)/credit	8	(2,384)	280
LOSS FOR THE PERIOD		(82,216)	(71,818)

For the six months ended 30 June	
2020	2019
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

OTHER COMPREHENSIVE LOSS

Other comprehensive loss that may be reclassified
to profit or loss in subsequent periods:

Debt investments at fair value through other
comprehensive income:

Changes in fair value	1,100	–
Reclassification adjustments for impairment losses included in profit or loss	1,755	–

Exchange differences:

Exchange difference on translation of foreign operations	(30,791)	(6,803)
Reclassification adjustments for a foreign operation disposed of during the period	8,548	–

Share of other comprehensive income of an associate	708	1,057
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Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(18,680)	(5,746)
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Other comprehensive loss that will not to be reclassified
to profit or loss in subsequent periods:

Change in fair value of equity instruments designated at fair value through other comprehensive income	(27,973)	(12,158)
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Net other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods	(27,973)	(12,158)
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OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(46,653)	(17,904)
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TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(128,869)	(89,722)
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		For the six months ended 30 June	
		2020	2019
<i>NOTE</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss attributable to:			
Owners of the parent		(75,699)	(60,570)
Non-controlling interests		(6,517)	(11,248)
		<u>(82,216)</u>	<u>(71,818)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(107,393)	(77,071)
Non-controlling interests		(21,476)	(12,651)
		<u>(128,869)</u>	<u>(89,722)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted		<u>HK(1.25) cents</u>	<u>HK(1.00) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
	NOTES		
NON-CURRENT ASSETS			
Property, plant and equipment		106,033	107,740
Investment properties		98,205	101,362
Right-of-use assets		445,399	462,024
Property under development		418,617	426,488
Goodwill		79,979	79,979
Investments in joint ventures		8,117	9,464
Investments in associates		212,097	222,209
Equity investments designated at fair value through other comprehensive income		208,371	213,108
Debt investments at fair value through other comprehensive income		41,006	–
Financial assets at fair value through profit or loss		3,795	–
Prepayments and other receivables		195,097	224,258
Deferred tax assets		1,008	986
Total non-current assets		1,817,724	1,847,618
CURRENT ASSETS			
Inventories		38,320	33,866
Trade receivables	11	37,796	41,427
Prepayments, other receivables and other assets		163,162	150,869
Due from a related party	17	98,540	99,549
Financial assets at fair value through profit or loss		98,741	65,934
Cash and cash equivalents		430,405	442,371
Assets and disposal group classified as held for sale		866,964	834,016
		–	382,934
Total current assets		866,964	1,216,950
CURRENT LIABILITIES			
Trade payables	12	23,881	35,369
Other payables and accruals		98,057	114,563
Interest-bearing bank and other borrowings		37,658	109,843
Lease liabilities		5,166	6,224
Tax payable		173	1,757
Liabilities directly associated with the assets classified as held for sale		164,935	267,756
		–	126,168
Total current liabilities		164,935	393,924

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION(CONTINUED)
30 June 2020

		30 June 2020	31 December 2019
	<i>NOTE</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NET CURRENT ASSETS		702,029	823,026
TOTAL ASSETS LESS CURRENT LIABILITIES		2,519,753	2,670,644
NON-CURRENT LIABILITIES			
Lease liabilities		5,541	5,887
Deferred tax liabilities		83,321	82,517
Other payables		7,472	7,124
Total non-current liabilities		96,334	95,528
NET ASSETS		2,423,419	2,575,116
EQUITY			
Equity attributable to the owners of the parent			
Share capital	13	1,215,789	1,215,789
Reserves		1,043,091	1,150,242
		2,258,880	2,366,031
Non-controlling interests		164,539	209,085
TOTAL EQUITY		2,423,419	2,575,116

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the six months ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the Covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the Covid-19 pandemic during the six months ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$117,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 June 2020.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment, which is the provision of medical care, health care and geriatric care related services and products. All of the Group's operating results are generated from this single segment. During the period, 98% (six months ended 30 June 2019: 100%) of the Group's revenue was generated from customers in Mainland China, and over 80% (as at 31 December 2019: over 90%) of the Group's non-current assets, excluding financial instruments and deferred tax assets, were located in Mainland China.

Revenue of approximately HK\$8,050,000 (six months ended 30 June 2019: HK\$15,808,000) was derived from sales of goods to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	65,355	69,955

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods or service		
Sale of goods	64,137	62,608
Rendering of services	1,218	7,347
Total revenue from contracts with customers	65,355	69,955

The Group's revenue arising from sale of goods is recognised when transferred at a point in time, while revenue arising from rendering of services is recognised when transferred over time.

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	63,786	69,955
Middle East	1,569	–
Total revenue from contracts with customers	65,355	69,955

5. OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	6,556	5,748
Other interest income	13,673	10,647
Gross rental income from investment property operating leases	3,557	13,408
Dividend income	–	718
Sundry income	716	1,075
	<u>24,502</u>	<u>31,596</u>
Gains		
Gain/(loss) on disposal of property, plant and equipment	(2)	96
Fair value losses on investment properties, net	(1,215)	(6,898)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	10,606	(6,558)
Fair value losses on financial liabilities, net	–	(210)
Gain on disposal of a subsidiary	–	63
Gain on disposal of an associate	3,491	–
Foreign exchange differences, net	–	8,917
	<u>12,880</u>	<u>(4,590)</u>
	<u>37,382</u>	<u>27,006</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	848	4,866
Interest on lease liabilities	392	395
	<u>1,240</u>	<u>5,261</u>

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	50,013	43,377
Cost of services provided	1,489	4,843
Depreciation of property, plant and equipment	5,866	4,633
Depreciation of right-of-use assets	11,070	11,239
Less: amount capitalised	(1,146)	(397)
	9,924	10,842
Amortisation of other intangible assets	–	72
Equity-settled share-based payment expense for directors and employees	–	257
Equity-settled share-based payment expense for consultancy services	–	40
Foreign exchange differences, net	20,149	(8,917)
Impairment of financial assets:		
Impairment of trade receivables	827	67
Impairment of debt investments at fair value through other comprehensive income	1,755	–
Impairment of a property under development	–	19,074
Write-off of other receivables	–	658
Loss on disposal of a subsidiary	27,337	–

8. INCOME TAX

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – PRC corporate income tax		
Charge for the period	10	2,764
Overprovision in prior periods	–	(1,153)
Current – Canada withholding tax on interest income	–	457
Deferred	2,374	(2,348)
	2,384	(280)

Hong Kong profits tax

No Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the period (six months ended 30 June 2019: Nil).

PRC corporate income tax

Under the PRC income tax laws, PRC enterprises are subject to corporate income tax at a rate of 25% except for certain PRC subsidiaries which are entitled to a preferential tax rate at 10% and 15%.

Canada withholding tax on interest income

The Group is subject to Canada withholding tax of 5% on the gross interest income arising from its loans provided to the borrowers in Canada.

The share of tax expense attributable to joint ventures and associates amounting to HK\$752,000 (six months ended 30 June 2019: tax credit of HK\$496,000) is included in “Share of profits and losses of joint ventures and associates” in the condensed consolidated statement of profit or loss and other comprehensive income.

9. DIVIDEND

The directors of the Company do not recommend any payment of interim dividend to shareholders for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$75,699,000 (six months ended 30 June 2019: HK\$60,570,000), and the weighted average number of ordinary shares of 6,078,944,027 (six months ended 30 June 2019: 6,062,368,364) in issue during the period.

The Group had no potentially dilution shares in issue during the period (six months ended 30 June 2019: Nil).

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 6 months	26,830	36,494
7 to 12 months	8,624	3,746
13 to 18 months	1,587	780
19 to 24 months	755	407
	37,796	41,427

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 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 3 months	18,521	25,773
Over 3 months	5,360	9,596
	23,881	35,369

The trade payable are non-interest-bearing and are normally settled on terms of three to six months.

13. SHARE CAPITAL

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Authorised: 10,000,000,000 (2019: 10,000,000,000) ordinary shares of HK\$0.2 each	2,000,000	2,000,000
Issued and fully paid: 6,078,944,027 (2019: 6,078,944,027) ordinary shares of HK\$0.2 each	1,215,789	1,215,789

During the six months ended 30 June 2019, the movement in the Company's share capital is due to the issue of consideration shares in connection with acquisition of Beijing Spirit Commerce & Trading Limited ("Beijing Spirit"). On 21 June 2019, the Company allotted and issued an aggregate of 17,545,000 new ordinary shares of the Company at HK\$0.243 per share as the third instalment of the share consideration for the acquisition of Beijing Spirit. The aggregate fair value of the 17,545,000 ordinary shares, determined by reference to the closing quoted market price of the Company's shares on Stock Exchange at issuance date, amounted to HK\$4,263,000, of which HK\$3,509,000 and HK\$754,000 were credited to the share capital and share premium account of the Company, respectively.

14. SHARE-BASED COMPENSATION SCHEMES

The Company first adopted a share option scheme effective from 26 April 2002 (the “2002 Scheme”). The 2002 Scheme expired in April 2012. On 24 May 2013, the Company adopted a new share option scheme (the “2013 Scheme”) to replace the 2002 Scheme. The eligible participants and the terms of the 2013 Scheme is the same as 2002 Scheme. There is no movement of share options under 2013 Scheme during the period.

The exercise prices and exercise periods of the share options outstanding at 30 June 2020 and 31 December 2019 are as follows:

30 June 2020	31 December 2019	Exercise price per share	Exercise period per share
Number of options '000	Number of options '000	<i>note (c)</i> HK\$	
166,500	166,500	0.61	<i>note (a)</i>
171,500	171,500	0.53	<i>note (b)</i>
338,000	338,000		

Notes:

- (a) First 30% of the options granted were vested from 2 April 2016, second 30% of the options granted were vested from 2 April 2017 and remaining 40% of the options granted were vested from 2 April 2018. Upon the lapse of the vesting period, the share options are exercisable until 1 April 2025.
- (b) First 30% of the options granted were vested from 28 January 2017, second 30% of the options granted were vested from 28 January 2018 and remaining 40% of the options granted were vested from 28 January 2019. Upon the lapse of the vesting period, the share options are exercisable until 27 January 2026.
- (c) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital.

During the period, the Group did not recognise any share option expense in respect of the share option granted (six months ended 30 June 2019: share option expense of HK\$297,000).

At the end of the reporting period, the Company had 338,000,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 338,000,000 additional ordinary shares of the Company, which represented approximately 5.6% of the Company’s shares in issue as at that date, and additional share capital of HK\$67,600,000 and share premium of HK\$124,860,000 (before issue expenses).

15. DISPOSAL OF SUBSIDIARIES

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net assets disposed of:		
Property, plant and equipment	165	–
Investment properties	318,696	–
Goodwill	40,734	–
Prepayments, other receivables and other assets	3,336	–
Cash and cash equivalents	2,648	22
Other payables and accruals [#]	(60,496)	(85)
Interest-bearing bank and other borrowings	(10,047)	–
Tax payable	(5)	–
Deferred tax liabilities	(55,620)	–
Non-controlling interests	(23,275)	–
	<u>216,136</u>	<u>(63)</u>
Exchange fluctuation reserve	8,548	–
	<u>224,684</u>	<u>(63)</u>
(Loss)/gain on disposal of subsidiaries	<u>(27,337)</u>	<u>63</u>
	<u>197,347</u>	<u>–</u>
Satisfied by:		
Cash [#]	<u>197,347</u>	<u>–</u>

[#] Intragroup payable of HK\$123,670,000 was eliminated and thus not included in the balance of other payables and accruals of the disposed subsidiary. Such intragroup payable was settled and paid to the Group by the buyer as part of the disposal transaction and thus included in the cash consideration of HK\$197,347,000.

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash consideration	197,347	–
Cash and cash equivalents disposed of	<u>–</u>	<u>(22)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	<u>197,347</u>	<u>(22)</u>

The above assets (including cash and cash equivalents) and liabilities of the disposed subsidiary were aggregated and included in assets and disposal group classified as held for sale and liabilities directly associated with the assets classified as held for sale, respectively, in the consolidated statement of financial position prior to the completion of the disposal transaction. Accordingly, the cash and cash equivalents of the disposed subsidiary of HK\$2,648,000 were not included in the calculation of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries.

16. COMMITMENTS

The Group had the following capital commitments at 30 June 2020 and 31 December 2019:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted, but not provided for:		
Land and buildings	52,943	52,161
Properties under development	19,795	20,184
	72,738	72,345

17. RELATED PARTY DISCLOSURES

(a) The Group had the following transactions with related parties during the period:

		For the six months ended 30 June 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
	<i>Notes</i>		
Interest income from a company which is jointly controlled by the directors of the Company	<i>(i)</i>	3,792	3,757
Lease payment made to an associate	<i>(ii)</i>	1,712	1,567

Notes:

- (i) On 17 July 2017, the Group entered into a loan facility agreement with Jinfu N.A. Real Estate Investment Limited (“Jinfu N.A.”), a company partly invested by Mr. Zhu Shi Xing, Mr. Gu Shan Chao and Mr. Liu Xue Heng, who are executive directors of the Company, pursuant to which, the Group agreed to provide Jinfu N.A. a loan of Canadian dollar (“CAD”)13,400,000 (equivalent to approximately HK\$84,019,000), which is interest-bearing at 10% per annum and repayable at three years after the drawdown of the loan, or repayable on demand by the borrower. On 20 July 2017, the Group entered into a loan facility supplementary agreement with Jinfu N.A. and its subsidiary, 1121695 B.C. Ltd., pursuant to which, the borrower of the loan was changed from Jinfu N.A. to 1121695 B.C. Ltd..

During the period, the Group recognised an interest income of CAD668,000 (equivalent to approximately HK\$3,792,000) on the loan to 1121695 B.C. Ltd.. At 30 June 2020, the remaining principal of CAD13,400,000 (equivalent to approximately HK\$76,057,000) (31 December 2019: CAD13,400,000, equivalent to approximately HK\$79,911,000) and the relevant interest receivable of CAD3,961,000 (equivalent to approximately HK\$22,483,000) (31 December 2019: CAD3,293,000, equivalent to approximately HK\$19,638,000), aggregating to CAD17,361,000 (equivalent to approximately HK\$98,540,000) (31 December 2019: aggregating to CAD16,693,000, equivalent to approximately HK\$99,549,000) were jointly and severally guaranteed by Mr. Yu Lu Ning, a third party, Mr. Zhu Shi Xing, Mr. Gu Shan Chao and Mr. Liu Xue Heng.

- (ii) The lease payment was made in accordance with the terms set out in the lease agreement entered between the parties involved.

- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	720	1,080
Salaries, allowances and benefits in kind	2,406	2,936
Equity-settled share option expense	–	195
	3,126	4,211

18. EVENTS AFTER THE REPORTING PERIOD

- (a) Reference is made to note 17(a)(i) of the condensed interim financial information in relation to the loan facility provided to Jinfu N.A. and subsequently novated to 1121695 B.C. Ltd. (the “Loan”). On 9 July 2020, the Company and 1121695 B.C. Ltd. entered into a loan capitalisation agreement (the “Listco Loan Capitalisation Agreement”) pursuant to which the Loan in the outstanding principal amount of CAD13,400,000 and the interests accrued thereon shall be capitalised into share of 1121695 B.C. Ltd. to be issued to the Company (the “Listco Capitalisation Share(s)”) at the issue price of CAD2.09 per Listco Capitalisation Share. The subscription amount payable by the Company under the Listco Loan Capitalisation Agreement shall be satisfied by capitalising the entire Loan and the interests accrued thereon.

On 9 July 2020, several parties entered into other separate loan capitalisation agreements with 1121695 B.C. Ltd. (the “Other Loan Capitalisation Agreement”) pursuant to which the loans outstanding principal amount and the interests accrued thereon (if applicable) in the aggregate amount of CAD10,916,065 shall be capitalised into share of 1121695 B.C. Ltd. (the “Other Capitalisation Share(s)”) at the same issue price of CAD2.09 per Other Capitalisation Share.

The Listco Loan Capitalisation Agreement and the Other Loan Capitalisation Agreements are inter-conditional, and completion of the issuance of the Listco Capitalisation Shares under the Listco Loan Capitalisation Agreement will occur simultaneously with completion of the issue of the Other Capitalisation Shares under the Other Loan Capitalisation Agreements.

The Listco Capitalisation Shares represents 47.47% of the total issued shares of 1121695 B.C. Ltd. as enlarged by the issue of the Listco Capitalisation Shares and Other Capitalisation Shares. The loan capitalisation was completed on 28 August 2020 and 1121695 B.C. Ltd. became an associate company of the Group.

- (b) On 20 July 2020, the Group subscribed structured deposits with an aggregate amount of RMB100 million (equivalent to approximately HK\$111 million) issued by Bank of Shanghai. The structured deposits are principal-guaranteed with floating return linked to the 3-month USD LIBOR, and will become mature on 25 August 2020.

19. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geriatric care business

In the first half of 2020, geriatric industry in the PRC was affected by the outbreak of COVID-19. However, for geriatric care institutions reaching a stable operation stage, they demonstrated their excellent “stress tolerance” and “cash flow stability”.

Closely aligned with the national development direction of the geriatric care industry, the Group, under the geriatric care services brand names “Golden Sun”, “Hongtai” and “Qiyue”, put more efforts to develop a complete ecologically chain intelligent geriatric care system that mainly focuses on the integration of geriatric care institutions and medical and geriatric care, as well as incorporates with an intelligent geriatric care platform, home care and community care. The Group focused on deploying a geriatric care projects layout integrating medical and geriatric care in tier 1 and 2 cities, which continued to enhance the profitability of our geriatric care business. Currently, the Group has developed its geriatric care business to several cities, including Fuzhou, Shanghai, Nanping, Shijiazhuang, Wuhu, Wuxi, Changzhou, Yinchuan and Anqing. On 30 May 2020, a 400-bedded geriatric care apartment that integrated medical care and geriatric care officially commenced operation in Changzhou, one of the cities we explored recently. Meanwhile, the Group continues to develop beds that integrate medical and geriatric care. In the first half of the year, the Jiangsu Wuhe Nursing Home Project (江蘇五河護理院項目) added 100 nursing home beds, and the Fuzhou Gulou Senior Apartment Project (福州鼓樓老年公寓項目) added 50 nursing home beds, which in turn improved the overall profitability continuously.

As of 30 June 2020, the number of elderly members served by the subsidiaries and associates of the Group reached 561,500; the number of community service centers was 351; and the number of beds for geriatric care services was 3,281, including 2,968 beds for the geriatric care services and 313 for elderly care centers. In the first half of the year, all geriatric care projects operated smoothly although affected by the outbreak of COVID-19. The occupancy rate of geriatric care institutions remained stable at a high level. In particular, the occupancy rate of well-established institutions, such as Gulou Senior Apartment (鼓樓老年公寓), Hongru Senior Apartment (鴻儒老年樂園), Guangyi Nursing Home (廣益護理院) and Wuhe Nursing Home (五河護理院), remained stable at over 90%, while the average occupancy rate of new geriatric care institutions reached over 60%. The average occupancy rate of bed spaces of elderly care centers remained at over 70%.

Table 1: Operational Status

Brand	As of 30 June 2020					As of 31 December 2019				
	Number of		Elderly care centers	Geriatric care institutions	Number of beds for geriatric care services	Number of		Elderly care centers	Geriatric care institutions	Number of beds for geriatric care services
	elderly members	community service centers				elderly members	community service centers			
Golden Sun	552,720	350	15	7	2,231	561,093	351	16	8	2,303
Hongtai (<i>Note</i>)	-	-	-	3	545	-	-	-	4	995
Qiyue	8,841	1	1	2	505	-	-	-	1	375
Total	<u>561,561</u>	<u>351</u>	<u>16</u>	<u>12</u>	<u>3,281</u>	<u>561,093</u>	<u>351</u>	<u>16</u>	<u>13</u>	<u>3,673</u>
Growth rate	0.08%	0%	0%	-7.69%	-10.67%					

Note: Due to the expiry of the entrusted management agreements with geriatric care institutions in Yixing, Jiangsu, the number of beds under our management decreased by 450.

Sale of medical and geriatric products

Beijing Vissam Prosperity Furniture Limited* (北京偉森盛業家具有限公司) (“**Vissam Prosperity**”), a company under the Group engaging in medical and geriatric product business, has become a leading furniture company specialized in areas such as geriatric care, medical and education, which provides top geriatric care institutions, hospitals and schools in the country with environmentally friendly, green and specialized furniture that meets ergonomic principles.

In the first half of 2020, due to the outbreak of COVID-19, Vissam Prosperity partly delayed the delivery of its projects that should have been delivered in the first half of the year, and its key major projects will be delivered in the second half of the year. The Pallas (帕拉斯) fabrics agent by Vissam Prosperity have the functions of water proof, bacteria proofing and anti-fouling, which ensures the absolute cleanliness of the medical and geriatric space, significantly reduces the chance of cross infection, and ensures the health and safety of users in the medical and geriatric space. The professionalism and characteristics of the fabric have been unanimously recognized by customers.

As of 30 June 2020, the newly contracted sales amount of Vissam Prosperity was approximately RMB68,000,000, and the major bids won included the Baihe Baile Chaohu international healthcare general hospital of China Railway Engineering, the furniture project of Changsha Kangli-Cranleigh School, the geriatric care project of Yihe of Qingdao Cang Ma Mountain, the moveable furniture project of Xinhua Jiayuan Geriatric Care Residential Area (Yanqing), the furniture procurement project of Chengdu Campus of Beijing 21st Century International School and the geriatric care community project of Da Qing Gu of “Taikang Community (泰康之家)”.

Through continuously improving its green and environmentally friendly manufacturing, Vissam Prosperity passed the audit of China Environmental Labelling Product Certification in April 2020. In terms of improving the technological content of the enterprise, it obtained 5 software copyrights in the same period.

Healthcare industrial park business

The Group purchased high-quality lands mainly in first-tier cities such as Beijing, Shanghai based on the policies and directions on land planning adjustments of central and local governments. Leveraging on the transformation and upgrading, it introduced advanced industrial construction philosophy to fully satisfy the needs of the government and market users and the focus is placed on developing new modes of business operations such as corporate headquarters and healthcare industrial parks.

Currently, the Group has a total of 7 projects in Beijing, Shanghai, Dali and Canada. The implementation plans of each of the projects have obtained support from the governments where the projects are located. As the positioning of the projects are in line with market demand, they are expected to have considerable potential in commercial value enhancement.

As of 30 June 2020, the progress of the Group's projects under development as follows:

Location	Project Name	Land Area (m ²)	Shareholding Percentage	Future Planning of the Project	Project Status
Beijing	Chaoyang Port Project	87,607	82.24%	Conform to the global development trend, meet Beijing's urban planning to set up a secondary distribution center and build a "green, innovative and intelligent integrated cluster in Beijing Central Business District"	The report about plan for planning and operation of the project was completed and submitted to the local government for approval Preconstruction planning procedures of the multiple planning integration are in progress
Beijing	Changping Project	13,490	70%	Office and commercial complex	The project is sold out in general during the period.
Shanghai	Sanlu Road Project	20,480	20%	Office and commercial complex	Properties are recruiting tenants.
Shanghai	Hongmei Road Project	39,448	100%	This project is located at the Zhongxin Industrial Park in Minxing, Shanghai and is in line with the policy of transforming industrial lands in Shanghai into commercial lands. It aims to build a new landmark for the district to serve residents by satisfying their needs for quality lifestyle, become a place for community gathering, and develop a "healthy and green commercial complex for the community and family"	Market analysis, customer base study, positioning of the project and the overall planning and design were completed, and the flagship stores were decided. Land transformation procedures for transforming industrial lands into commercial lands were completed, preconstruction developing procedures are in progress Partners are being sought for joint development at this stage

Location	Project Name	Land Area (m ²)	Shareholding Percentage	Future Planning of the Project	Project Status
Dali	Haidong New District Project	275,181	60%	Greater health industrial park complex including lands for residential, commercial and medical purposes	As the Yunnan provincial government suspended its approval process for the development and construction in Haidong New District, this project is temporarily withheld. The Group is currently negotiating with the local government for the refund of land grant premium and compensation matters.
Canada	Ovation	2,425	N/A ⁽¹⁾	Artistic health apartments	The pre-sale of this project began in April 2019, and approximately 60% of the saleable units were sold currently.
Canada	Royal Tower	10,588	N/A ⁽¹⁾	Urban health apartments	The Group is in the process of acquiring 47.47% equity interests of the project company by way of loan capitalization. For details, please refer to the Company's announcement dated July 9, 2020.

Note⁽¹⁾ : These projects are engaged in the form of debt investments

Sports and Entertainment Business

Beijing Sports and Entertainment Industry Group Limited (“**Beijing Sports**”, a company listed on Hong Kong Main Board, stock code:1803 and an associate of the Company) engages in sports related business and positioned at the construction and operation of stadiums and the construction and operation of winter theme parks. MetaSpace (Beijing) Air Dome Corp. (“**MetaSpace**”), the subsidiary of Beijing Sports, is a leading integrated service provider for the construction and management of air dome facilities in the PRC. These air domes are widely adapted in multi-functional facilities such as sports and recreational facilities, logistic and warehousing centers, industrial storage facilities as well as commercial exhibition spaces.

The PRC government implemented several anti-epidemic measures throughout multiple cities in the first half of 2020 including work restrictions after the Chinese New Year holiday, which led to significant delay in the completion of existing air dome construction projects and tendering of new construction projects. As a result, Beijing Sports’ revenue dropped significantly from approximately HK\$36.1 million for the corresponding period of last year to approximately HK\$19.2 million for the period ended 30 June 2020, representing a decrease of approximately 47%.

Future Prospect

Considering “Healthy China” as its mission, Beijing Enterprises Medical and Health Industry Group Limited will continue to capitalise and fully utilise the ideal external environment for the geriatric care, medical and health care industries in China. With the general health industry as our development focus, we will pursue active explorations in the general health sector, seek high-quality partners, integrate social resources and speed up our business deployment in the market.

Looking forward, the Group will continue with its multi-services and diversification. In respect of the geriatric care business, until 2020, the last year of the 13th Five-year Plan, the overall level of the development of geriatric care industry has been significantly improved, while geriatric care industry system has become more complete and integrated. A solid social foundation has been laid in tackling population aging with timely, scientific and comprehensive reactions. In the future, the Group will continue to capture opportunities brought by the policy and the market, step up the development of bed number of geriatric care institutions and the integrated business of medical and geriatric care with higher profitability in advantageous regions, and strive to form profitable operation mode supported by innovative ideology, customer-made services and high efficiency.

In respect of the medical care and health care business, the Group will intensify its efforts to increase the number of new customers and accelerate our business growth by industry mergers and acquisitions.

As for the health industrial park business, the Group will fully promote the land use change of the Shanghai Hongmei Road project, and strive to reach a consensus on competitive outstanding land grant premium with the local government. Meanwhile, we will continue to identify excellent business partners for developing high quality commercial complex. In addition, the Group will continue to approach through Beijing Enterprises Group Company Limited or to identify land projects in the market that are appropriate for developing geriatric care, medical and general health business. Through extensive negotiation with the local governments and grasping golden opportunities arising from the industrial transformation pursued by these governments, the Group will gradually develop and create a unique series of products related to its industrial park investments.

With regard to sports and entertainment business, the Group will continue to explore business opportunities relating to sport business, strengthen the diversified development of business, and build a complete industrial chain.

Financial Review

Operating revenue

In the first half of 2020, operating revenue of the Group was approximately HK\$65,355,000, representing a decrease of 6.6% as compared to the corresponding period last year, which was mainly due to the Group completed the disposal of 20% equity interest of Golden Sun and reclassification of Golden Sun as the Group's associate in 2019, resulting in a decrease of revenue from geriatric care services from approximately HK\$7,347,000 for the first half of 2019 to approximately HK\$1,218,000 for the first half of 2020, representing a decrease of approximately 83.4%. The revenue from sale of medical and geriatric products increased by 2.4% to approximately HK\$64,137,000 for the first half of 2020.

Cost of sales

Cost of sales was approximately HK\$51,502,000, representing a year-on-year increase of 6.8%. Cost of sales mainly includes cost of purchases, freight, installation fees and wage expenses.

Gross profit margin

During the period, the overall gross profit margin of the Group was 21.2%, representing a year-on-year decrease of 9.9% as compared to 31.1% for the corresponding period last year, which was mainly due to the fact that the Group adjusted its sale strategy as "Selling at Low Margins" and signed certain contracts with low gross margin in order to maintain its sales volume as a result of the COVID-19 outbreak.

Other income and gains, net

For the first half of 2020, other income and gains was approximately HK\$37,382,000, representing an increase of 38.4% as compared to HK\$27,006,000 for the first half of 2019.

Other income and gains mainly included bank and other interest income of approximately HK\$20,229,000 (2019: HK\$16,395,000) and rental income of approximately HK\$3,557,000 (2019: HK\$13,408,000); as well as the increase of fair value of financial assets at fair value through profit or loss of approximately HK\$10,606,000 (2019: loss of approximately HK\$6,558,000).

The decrease in rental income for the first half of 2020 of 73.5% was mainly due to the completion of the disposal of a subsidiary at the beginning of 2020. For details, please refer to the section headed "Material Acquisition and Disposal of Subsidiaries".

Selling and distribution expenses

For the first half of 2020, the selling and distribution expenses were approximately HK\$ 15,849,000 (2019: HK\$6,636,000), representing 24.3% of the total sales amount (2019: 9.5%). Selling and distribution expenses mainly included salaries of HK\$4,387,000 (2019: HK\$2,509,000), promotional fees of HK\$420,000 (2019: HK\$1,630,000) and the agent commission relating to disposal of a subsidiary of HK\$9,775,000 (2019: nil).

Administrative expenses

For the first half of 2020, the administrative expenses were HK\$54,368,000, representing a decrease of 28.6% in expenses as compared to HK\$76,116,000 for the corresponding period of 2019. The administrative expenses mainly included staff costs (including directors' remuneration) of HK\$19,327,000 (2019: HK\$31,401,000), professional advisory fees of HK\$6,163,000 (2019: HK\$4,332,000), depreciation and amortisation costs of HK\$11,309,000 (2019: HK\$15,547,000), business entertainment expenses of HK\$1,492,000 (2019: HK\$5,353,000), travelling expenses of HK\$1,459,000 (2019: HK\$4,178,000) and rental costs of HK\$4,895,000 (2019: HK\$2,485,000). The decrease in administrative expenses was mainly due to the cost control measures implemented by the Group reviewed the necessity of each item of administrative expenses and reduced non-essential expenses, which effectively reduced most of our administrative expenses, including staff costs, travelling expenses, office expenses and business entertainment expenses as compared to the corresponding period last year.

Other expenses and losses

For the first half of 2020, other expenses and losses mainly included exchange losses of approximately HK\$20,149,000 and the loss of approximately HK\$27,337,000 arising from disposal of a subsidiary. The exchange losses were due to the devaluation of the Group's assets in RMB and CAD. For the corresponding period in 2019, the loss of HK\$19,074,000 was due to the impairment of the preliminary expenses for the development and construction of real estate projects in Dali.

Finance cost

For the first half of 2020, the total finance cost of the Group was approximately HK\$1,240,000, representing a decrease of 76.4% as compared to the corresponding period last year, which was mainly attributable to the Group's repayment of interest-bearing bank and other loan of approximately HK\$72,185,000, resulting in a substantial drop in the weighted average balance of borrowings.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures were mainly the share of 50% of loss attributable to shareholders of Dongguan Huarui Home Furnishing Co., Ltd. and Beijing Enterprises Fuyu Information Technology (Shanghai) Co., Ltd. of approximately HK\$494,000 and HK\$682,000, respectively.

Share of profits and losses of associates

Share of profits and losses of associates mainly included the share of 27% of loss attributable to shareholders of Beijing Sports and Entertainment Industry Group Limited of approximately HK\$2,912,000, and the share 20% of loss attributable to shareholders of Shanghai Junbo Textiles Limited of approximately HK\$4,328,000.

Cash and bank borrowings

As as 30 June 2020, cash and bank deposits held by the Group amounted to approximately HK\$430,405,000, representing a decrease of approximately HK\$11,966,000 as compared to that of the end of 2019.

As at 30 June 2020, interest-bearing bank and other borrowings of the Group amounted to approximately HK\$37,658,000, representing a decrease of approximately HK\$72,185,000 as compared to that of the end of 2019. The decrease in bank borrowings was mainly attributable to the timely repayment made by the Group in accordance with the borrowing contracts.

Liquidity

As at 30 June 2020, the net current assets of the Group amounted to HK\$702,029,000 and the current ratio was 5.3 times. The Group maintained sufficient bank credit facilities to meet working capital needs and had sufficient cash resources to finance its capital expenditure in the foreseeable future.

Capital structure

The Group took full advantage of the financing platform as a listed company by striving for a constant optimisation of the capital and financing structure, so as to obtain sufficient funds to finance the future projects of health and geriatric care. During the period, the Group's operations were mainly financed by internal resources and bank loans.

As at 30 June 2020, the issued share capital of the Company was 6,078,944,027 shares. Equity attributable to shareholders of the Company amounted to approximately HK\$2,258,880,000 and total equity was approximately HK\$2,423,419,000 (31 December 2019: approximately HK\$2,575,116,000). The gearing ratio, being bank and other borrowings divided by total assets, remained at a low level of approximately 1.4% (31 December 2019: approximately 3.6%).

Capital Expenditure

For the six months ended 30 June 2020, the Group's capital expenditure was approximately HK\$5,105,000 (corresponding period in 2019: HK\$20,642,000), which was mainly due to the purchase of properties, plants and equipment and investment properties.

PLEDGE OF ASSETS

As of 30 June 2020, the Group has pledged its assets in the PRC with a total carrying amount of HK\$49,907,000 as at the end of the reporting period (31 December 2019: nil) as the security for bank loans.

In addition, as at 31 December 2019, the Group's bank loans with a total carrying amount of HK\$209,735,000 as at the end of the reporting period were guaranteed by land use right included in use right assets.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group has no significant contingent liabilities.

FOREIGN EXCHANGE RISK

The Group's exposure to foreign exchange risks was primarily related to other receivables, bank balances, amounts due from related parties, other payables and bank borrowings denominated in CAD, US dollars and RMB. In respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had approximately 390 (corresponding period in 2019: 926) employees. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2020 amounted to approximately HK\$24,478,000 (corresponding period in 2019: approximately HK\$35,735,000).

The Group's remuneration policy is that all employees are rewarded on the basis of market levels. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff's mandatory provident fund and social insurance in the PRC. To motivate and reward staff, the Group has a discretionary performance bonus scheme and a year-end award scheme to drive their performance and growth. The Company has also established a share option scheme and an employee option scheme to recognize the performance of its employees.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Disposal of Dragon Ground

On 26 December 2019, Shenzhen Dragon Ground Information Development Company Limited* (深圳龍地祥信息發展有限公司 or "Shenzhen Dragon"), an indirect wholly-owned subsidiary of the Company, and Beijing Haidian District Huiyuan Agriculture Industry and Commerce Company Limited* (北京市海澱區匯苑農工商公司 or "Beijing Huiyuan") entered into an equity transfer agreement, pursuant to which Beijing Huiyuan agreed to purchase and Shenzhen Dragon agreed to sell its entire 70% equity interest in Beijing Dragon Ground Arts & Crafts Limited* (北京龍地工藝美術品有限責任公司) or "Dragon Ground", an indirect non-wholly owned subsidiary of the Group. The transaction was completed on 10 January 2020. For details, please refer to the announcement of the Company published on 27 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group is actively identifying and exploring suitable investments with potential and synergy effect to its existing businesses. The Group will only consider any potential investments which are in the interests of the Company and the shareholders as a whole. No agreement for material investment has been conducted as at the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2020.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company confirms that, after specific enquiry with each director, all directors have confirmed compliance with the Model Code during the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company’s listed securities during the six months ended 30 June 2020.

AUDIT COMMITTEE

The Audit Committee was established on 11 April 2002 with written terms of reference. The Board establishes formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company’s auditors.

The members of the Audit Committee comprise three members, Mr. Tse Man Kit, Keith (Chairman of the Committee), Mr. Gary Zhao and Mr. Wu Yong Xin, all of which are independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company’s existing external auditor.

The Company’s interim results for the six months ended 30 June 2020 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (<http://www.bemh.com.hk>) and the Stock Exchange (www.hkexnews.hk).

The interim report of the Company for the six months ended 30 June 2020 will be despatched to the shareholders of the Company and published on the said websites in due course.

By Order of the Board of
**Beijing Enterprises Medical and Health
Industry Group Limited**
Zhu Shi Xing
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Hu Shiang Chi, Mr. Wang Zheng Chun, Mr. Zhang Jing Ming and Mr. Siu Kin Wai and five Independent Non-Executive Directors, namely Mr. Robert Winslow Koepp, Mr. Gary Zhou, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*