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首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2020

Revenue	RMB9,219,283,000
Gross profit	RMB2,216,566,000
Profit attributable to owners of the Company	RMB850,221,000
Earnings per share	RMB0.11

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020.

The board of directors (“**the Board**”) of Beijing Capital Land Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020 and comparative figures of 2019, which have been prepared in accordance with the Accounting Standards for Business Enterprises.

The 2020 consolidated interim financial information of the Group has not been audited but has been reviewed by the Audit Committee and approved by the Board of the Company on 17 August 2020.

CONSOLIDATED INCOME STATEMENTS

(All amounts in thousands of units of RMB unless otherwise stated)

		Six months ended 30 June 2020	Six months ended 30 June 2019
	Note	Unaudited	Unaudited
Revenue	4	9,219,283	10,476,385
Less: Cost of sales	4	(6,882,475)	(6,317,344)
Taxes and surcharges	5	(554,268)	(1,032,729)
Selling and distribution expenses		(242,751)	(275,723)
General and administrative expenses		(480,537)	(538,477)
Financial expenses		(1,361,880)	(1,476,779)
Including: Interest expenses		(1,525,382)	(1,527,923)
Interest income		154,768	155,692
Add: Other income		20,506	62,640
Investment income		1,147,189	1,071,740
Including: Share of profit of associates and joint ventures		19,138	107,651
Gains on net exposure hedges		–	5,887
Gains arising from changes in fair value		291,189	199,985
Credit impairment losses		(2,792)	–
Gains on disposal of non-current assets		127	3,090
Operating profit		1,153,591	2,178,675
Add: Non-operating income		19,728	7,603
Less: Non-operating expenses		(6,408)	(8,355)
Profit before income tax		1,166,911	2,177,923
Less: Income tax expenses	7	(147,250)	(418,840)
Profit for the period		1,019,661	1,759,083
Attributable to:			
– Owners of the Company		850,221	1,187,493
– Non-controlling interests		169,440	571,590
Earnings per share for profit attributable to ordinary shareholders of the Company	8		
– Basic earnings per share (RMB Yuan)		0.11	0.30
– Diluted earnings per share (RMB Yuan)		0.11	0.30

CONSOLIDATED INCOME STATEMENTS (Continued)*(All amounts in thousands of units of RMB unless otherwise stated)*

	Six months ended 30 June 2020	Six months ended 30 June 2019
<i>Note</i>	Unaudited	Unaudited
Profit for the period	<u>1,019,661</u>	<u>1,759,083</u>
Other comprehensive income/(losses) for the period, net of tax	27,442	(121,604)
Attributable to owners of the Company	27,442	(121,604)
Items that may be reclassified to profit or loss thereafter	27,442	(121,604)
1. Recycling of changes in fair value of investment properties previously recognized in other comprehensive income	(10,403)	(29,618)
2. Effective portion of cash flow hedges	4,656	(77,975)
3. Currency translation differences	33,189	(14,011)
Attributable to non-controlling interests	–	–
Total comprehensive income	<u>1,047,103</u>	<u>1,637,479</u>
Attributable to:		
– Owners of the Company	877,663	1,065,889
– Non-controlling interests	<u>169,440</u>	<u>571,590</u>

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands of units of RMB unless otherwise stated)

		30 June 2020	31 December 2019
	<i>Note</i>	Unaudited	Audited
Current assets			
Cash at bank and on hand		32,387,804	27,035,244
Trading financial assets		972,144	3,761,342
Trade receivables	10	5,076,926	5,218,581
Advances to suppliers		781,597	2,443,991
Other receivables		20,628,029	22,350,997
Inventories		98,186,944	85,928,699
Contract assets		6,132,721	5,734,719
Non-current assets due within one year		367,790	311,975
Other current assets		751,553	2,592,146
Total current assets		165,285,508	155,377,694
Non-current assets			
Derivative financial assets		266,583	95,931
Long-term receivables		7,424	2,000
Long-term equity investments		5,994,478	5,700,367
Other equity instrument investments		288,283	288,283
Other non-current financial assets		6,154,643	3,450,024
Investment properties		17,169,814	16,743,273
Fixed assets		437,273	324,203
Right-of-use assets		1,099,453	915,045
Intangible assets		329,709	38,508
Long-term prepaid expenses		479,075	453,144
Deferred income tax assets		2,274,291	1,870,925
Other non-current assets		2,621,897	9,921
Total non-current assets		37,122,923	29,891,624
TOTAL ASSETS		202,408,431	185,269,318

CONSOLIDATED BALANCE SHEETS (Continued)*(All amounts in thousands of units of RMB unless otherwise stated)*

	30 June 2020	31 December 2019
Note	Unaudited	Audited
Current liabilities		
Short-term borrowings	824,281	1,717,672
Notes payables	53,450	51,817
Trade payables	9,053,587	8,551,640
Contract liabilities	21,522,543	19,475,282
Employee benefits payables	160,960	258,554
Taxes payable	5,463,792	5,204,477
Other payables	12,192,322	11,184,175
Current portion of non-current liabilities	24,025,481	22,819,073
Total current liabilities	73,296,416	69,262,690
Non-current liabilities		
Long-term borrowings	47,024,831	39,728,054
Debentures payable	30,144,029	28,490,333
Lease liabilities	1,053,133	875,318
Long-term payables	2,717,476	2,717,476
Provisions	2,846	–
Deferred income tax liabilities	2,695,929	2,153,741
Derivative financial liabilities	180	600
Total non-current liabilities	83,638,424	73,965,522
Total liabilities	156,934,840	143,228,212
Equity		
Share capital	4,362,941	3,852,563
Other equity instruments	15,124,416	15,124,416
Including: Perpetual bonds	15,124,416	15,124,416
Capital reserve	685,677	395,293
Other comprehensive income	317,385	289,943
Surplus reserve	829,151	829,151
Retained earnings	10,492,390	11,412,652
Total equity attributable to owners of the Company	31,811,960	31,904,018
Non-controlling interests	13,661,631	10,137,088
Total equity	45,473,591	42,041,106
TOTAL LIABILITIES AND EQUITY	202,408,431	185,269,318

(All amounts in thousands of units of RMB unless otherwise stated)

NOTES:

1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CAS”).

The financial statements were prepared in basis of going concern.

Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Modification of the format of general enterprise statements

In 2019, the Ministry of Finance issued “Notice of the Ministry of Finance on Revising the Format of the General Enterprise Financial Statements for 2019 (Accounting [2019] 6)” and its interpretation, the Group split the notes payables and accounts payable, in addition, interest payable in other payables of the Group only reflects interests that have been due for the relevant financial instrument but has not been paid at the balance sheet date, interest of financial instruments based on effective interest method should be included in the book value of the corresponding financial instrument.

3. SEGMENT INFORMATION

The reportable segments of the Group are the business units that provide different products or service, or operate in different areas. Different businesses or areas require different marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and values their operating results respectively, in order to make decisions about resources allocation to these segments and to assess their performance.

For the six months ended 30 June 2020 and at 30 June 2020, the Group identified eight reportable segments as follows:

- Beijing segment, which is mainly engaged in real estate development, sales and related business in Beijing region.
- Huadong segment, which is mainly engaged in real estate development, sales and related business in Huadong region.
- Tianjin segment, which is mainly engaged in real estate development, sales and related business in Tianjin region.
- Chengyu segment, which is mainly engaged in real estate development, sales and related business in Chengdu and Chongqing region.

(All amounts in thousands of units of RMB unless otherwise stated)

- Other segment, which is mainly engaged in real estate development, sales and related business in other regions, including Shenyang, Xi'an, Hainan, etc.
- Outlets business segment, which is mainly engaged in capital outlets businesses in different regions.
- Other investment property segment, which is mainly engaged in the investment property operations other than capital outlets business.
- Primary land development segment (including renovation of shanty towns), which is mainly engaged in primary land development and renovation of shanty towns in Beijing and Tianjin region.

Inter-segment transfer prices are determined by referring to sales price to third parties.

Assets are allocated to segments based on the location of assets and the segments' operation. Liabilities are allocated to segments based on the segments' operation.

(All amounts in thousands of units of RMB unless otherwise stated)

(1) Segment information for the six months ended 30 June 2020 and as at 30 June 2020 are as follows:

	Real estate development and sales					Investment properties				Inter-segments Elimination	Total
	Beijing	Huadong	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated		
Revenue from external customers	867,434	4,420,158	1,162,454	1,221,167	208,358	225,747	42,950	795,150	275,865	-	9,219,283
Inter-segment revenue	-	-	-	-	246,518	1,822	-	-	7,615	(255,955)	-
Income from customer contracts:											
Recognized at a point in time	867,434	4,382,992	1,162,454	1,221,167	176,483	-	-	-	258,546	-	8,069,076
Recognized over time	-	37,166	-	-	31,875	-	-	795,150	-	-	864,191
Cost of sales from main operation	(516,434)	(3,693,416)	(728,845)	(725,111)	(163,606)	(114,779)	(5,734)	(705,623)	(100,875)	-	(6,754,423)
Interest income	8,529	10,218	6,324	2,903	6,852	1,450	249	807	117,436	-	154,768
Interest expenses	(67,264)	(90,514)	(32,353)	(9,803)	(16,276)	(103,096)	(17,811)	(147,082)	(1,344,091)	302,908	(1,525,382)
Investment income/(losses) of associates and joint ventures	29,904	(3,118)	3,414	-	(2,156)	(1,455)	-	-	(7,451)	-	19,138
Provision for asset impairment losses	-	-	-	-	-	-	-	-	(2,792)	-	(2,792)
Depreciation and amortization	(99)	(133)	(419)	(68)	(69)	(28,909)	(72)	-	(32,730)	-	(62,499)
Profit/(loss) before income tax	158,733	431,185	406,845	321,604	939,349	(59,864)	(2,749)	(59,865)	(998,899)	30,572	1,166,911
Income tax expenses	(57,373)	(111,709)	(102,591)	(79,998)	(90,625)	(14,975)	(3,144)	(10,536)	331,344	(7,643)	(147,250)
Profit for the period	101,360	319,476	304,254	241,606	848,724	(74,839)	(5,893)	(70,401)	(667,555)	22,929	1,019,661
Total assets	45,001,438	28,972,092	18,588,791	11,056,918	35,141,797	10,918,368	3,012,607	19,642,299	143,782,582	(113,708,461)	202,408,431
Total liabilities	(41,074,521)	(28,203,919)	(15,062,007)	(8,526,299)	(23,828,838)	(7,874,640)	(1,815,537)	(14,669,727)	(135,997,791)	120,118,439	(156,934,840)
Long-term equity investments on associates and joint ventures	270,846	230,840	1,021,135	-	42,652	266,864	-	-	4,162,141	-	5,994,478
Increase in non-current assets (i)	911,977	326,783	469,005	58,285	796,268	442,418	27,020	30,058	591,313	-	3,653,127

(i) Non-current assets do not include financial assets, long-term equity investment and deferred income tax assets.

(All amounts in thousands of units of RMB unless otherwise stated)

- (2) Segment information for the six months ended 30 June 2019 and as at 31 December 2019 are as follows:

(a) Segment information for the six months ended 30 June 2019

	Real estate development and sales					Investment properties				Inter-segments Elimination	Total
	Beijing	Huadong	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated		
Revenue from external customers	1,180,886	1,302,455	2,903,185	704,170	1,304,471	378,188	56,310	2,565,942	80,778	-	10,476,385
Inter-segment revenue	-	-	-	-	-	-	-	-	123,520	(123,520)	-
Income from customer contracts:	-	-	-	-	-	-	-	-	-	-	-
Recognized at a point in time	1,180,886	1,302,455	2,903,185	704,170	1,304,471	378,188	56,310	1,087,739	80,778	-	8,998,182
Recognized over time	-	-	-	-	-	-	-	1,478,203	-	-	1,478,203
Cost of sales from main operation	(754,413)	(882,854)	(1,662,890)	(394,150)	(731,455)	(34,224)	(7,082)	(1,697,385)	(75,660)	-	(6,240,113)
Interest income	16,417	5,663	8,313	960	8,391	14,835	338	491	100,284	-	155,692
Interest expenses	(243,833)	(14,738)	-	(45,040)	-	(179,558)	(50,386)	(208,178)	(786,190)	-	(1,527,923)
Investment income/(losses) of associates and joint ventures	75,860	2,497	(11,801)	-	(12,835)	4,769	-	(1,264)	50,425	-	107,651
Provision for asset impairment losses	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	(51)	(120)	(416)	(35)	(148)	(31,095)	(87)	-	(3,028)	-	(34,980)
Profit/(loss) before income tax	62,206	185,863	739,656	154,858	254,890	107,808	48,688	734,898	(110,944)	-	2,177,923
Income tax expenses	1,914	(58,496)	(186,743)	(39,078)	(63,996)	(76,251)	(12,111)	(207,612)	223,533	-	(418,840)
Profit for the period	64,120	127,367	552,913	115,780	190,894	31,557	36,577	527,286	112,589	-	1,759,083
Increase in non-current assets (i)	757	637	102	34	1,322	1,174,705	23,699	573	1,996	-	1,203,825

- (i) Financial assets, long-term equity investment and deferred tax assets are not included in non-current assets.

(b) Segment information as at 31 December 2019

	Property development, sales and related business					Investment properties				Inter-segments Elimination	Total
	Beijing	Huadong	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated		
Total assets	63,910,828	43,256,029	23,600,170	12,371,951	30,259,573	11,671,314	3,011,810	21,578,869	104,102,524	(128,493,750)	185,269,318
Total liabilities	(59,857,275)	(43,836,713)	(20,290,720)	(10,070,738)	(23,305,402)	(5,466,777)	(1,808,847)	(16,588,537)	(94,490,214)	132,487,011	(143,228,212)
Long-term equity investments on associates and joint ventures	640,356	729,035	1,026,772	-	56,778	1	-	-	3,247,425	-	5,700,367

(All amounts in thousands of units of RMB unless otherwise stated)

The revenue gained in mainland China and oversea transaction and total non-current assets excluding financial assets, long-term equity investment and deferred income tax assets were disclosed as below:

Revenue from external customers:

	Six months ended 30 June 2020	Six months ended 30 June 2019
China	9,216,552	10,476,385
France	2,731	–
	<hr/>	<hr/>
Total	9,219,283	10,476,385
	<hr/> <hr/>	<hr/> <hr/>

Total non-current assets:

	30 June 2020	31 December 2019
China	21,954,337	18,303,618
France	182,884	182,476
	<hr/>	<hr/>
Total	22,137,221	18,486,094
	<hr/> <hr/>	<hr/> <hr/>

Most business of the Company and the subsidiaries are operated in mainland China. For the six months ended 30 June 2020, the Group has revenue from other countries amounted to RMB2,731,000 (For the six months ended 30 June 2019: None).

For the six months ended 30 June 2020, the operation income generated from a client in the primary land development amounted to RMB379,958,000, accounted for 4% revenue of the Group (For the six months ended 30 June 2019: RMB1,087,739,000, accounted for 10% revenue of the Group).

(All amounts in thousands of units of RMB unless otherwise stated)

4. REVENUE AND COST OF SALES

	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue from main operations (a)	9,013,497	10,323,850
Revenue from other operations (b)	<u>205,786</u>	<u>152,535</u>
Total	<u><u>9,219,283</u></u>	<u><u>10,476,385</u></u>

	Six months ended 30 June 2020	Six months ended 30 June 2019
Cost of sales from main operations (a)	6,754,423	6,240,113
Cost of sales from other operations (b)	<u>128,052</u>	<u>77,231</u>
Total	<u><u>6,882,475</u></u>	<u><u>6,317,344</u></u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Main operating revenue	Main operating costs	Main operating revenue	Main operating costs
Sales of properties	7,779,698	5,825,127	7,371,862	4,503,972
Primary land development	795,150	705,623	2,565,246	1,695,196
Rental revenue of investment properties	298,451	120,513	349,814	40,945
Others	<u>140,198</u>	<u>103,160</u>	<u>36,928</u>	<u>–</u>
Total	<u><u>9,013,497</u></u>	<u><u>6,754,423</u></u>	<u><u>10,323,850</u></u>	<u><u>6,240,113</u></u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Other operating revenue	Other operating costs	Other operating revenue	Other operating costs
Temporary lease	56,606	35,587	28,044	15,222
Merchandising	86,647	72,103	66,408	53,469
Other operations	<u>62,533</u>	<u>20,362</u>	<u>58,083</u>	<u>8,540</u>
Total	<u><u>205,786</u></u>	<u><u>128,052</u></u>	<u><u>152,535</u></u>	<u><u>77,231</u></u>

(All amounts in thousands of units of RMB unless otherwise stated)

5. TAX AND SURCHARGES

	Six months ended 30 June 2020	Six months ended 30 June 2019
Land appreciation tax	434,026	892,756
Others	120,242	139,973
	<hr/>	<hr/>
Total	554,268	1,032,729
	<hr/> <hr/>	<hr/> <hr/>

6. GROSS PROFIT

	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue	9,219,283	10,476,385
Less: Cost of sales	(6,882,475)	(6,317,344)
Taxes and surcharges (excluding land appreciation tax)	(120,242)	(139,973)
	<hr/>	<hr/>
Gross profit	2,216,566	4,019,068
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSES

PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 25% (for the six months ended 30 June 2019: 25%).

According to the current tax law in Hong Kong, profit tax in Hong Kong is calculated by 16.5% of taxable profit. Except for several subsidiaries in Hong Kong are subject to Hong Kong profits tax, other subsidiaries in Hong Kong have no Hong Kong taxable profits.

Withholding income tax should be charged against income from taxable dividends of non-resident enterprises in mainland China and investments disposal in mainland China with the tax rate of 5%–10% according to the relevant laws and regulations in the PRC.

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30 June 2020	Six months ended 30 June 2019
Current income tax	458,984	706,141
Deferred income tax	(311,734)	(287,301)
	<hr/>	<hr/>
Total	147,250	418,840
	<hr/> <hr/>	<hr/> <hr/>

(All amounts in thousands of units of RMB unless otherwise stated)

Reconciliations from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses are listed below:

	Six months ended 30 June 2020	Six months ended 30 June 2019
Total profit	<u>1,166,911</u>	<u>2,177,923</u>
Income tax expenses calculated at applicable tax rates (25%)	291,728	544,481
Share of net profit of joint ventures and associates under equity method	(4,785)	(26,913)
Business combination not under common control	(170,101)	–
Profit or loss not subject to tax	34,495	(49,129)
Profit from internal equity transfer transaction subject to tax	–	2,804
Distribution eligible for tax deduction	(134,648)	(127,620)
Deductible losses for which no deferred income tax asset was recognized for the period	110,725	66,995
Impairment provision for which no deferred income tax asset was recognized for the period	698	–
Expenses, costs and losses not deductible for tax purposes	<u>19,138</u>	<u>8,222</u>
Income tax expenses	<u><u>147,250</u></u>	<u><u>418,840</u></u>

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period:

	Six months ended 30 June 2020	Six months ended 30 June 2019
Consolidated net profit attributable to owners of the Company	850,221	1,187,493
Less: distribution relating to other equity instruments	<u>(363,902)</u>	<u>(284,291)</u>
Consolidated net profit attributable to ordinary shareholders of the Company	<u><u>486,319</u></u>	<u><u>903,202</u></u>
Weighted average number of ordinary shares outstanding (in thousands) (i)	4,276,801	3,027,960
Basic earnings per share (RMB yuan per share)	<u><u>0.11</u></u>	<u><u>0.30</u></u>

(All amounts in thousands of units of RMB unless otherwise stated)

- (i) In December 2019, the Company issued 5 rights shares for every 10 existing shares comprising H share rights issue at HK\$1.87 per H rights share; domestic share rights issue at RMB1.68 per domestic rights share and non-H foreign share rights issue at RMB1.68 per non-H foreign rights share (hereinafter “rights issue”). As at 31 December 2019, the Company has received the proceeds amounting to RMB1,385,333,000 from domestic shares. The Company’s share capital is increased by RMB824,603,000, and the remaining RMB560,730,000 is included in capital reserve (share premium). As at the date that the interim results announcement are authorised for issue, the rights issue has been completed and the proceeds of rights issue has been received. The number of shares of the Company has increased from 3,027,960,000 to 4,362,940,850.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

9. DIVIDENDS

In accordance with the resolutions of the Board on the Board meeting held on 23 March 2020, the directors proposed a final dividend of RMB0.17 per share to the shareholders, the total amount payable will be RMB741,700,000 based on the Company’s total issued number of shares which is 4,362,940,850. Such distribution of profit was approved at the Annual General Meeting of shareholders held on 13 May 2020. (2019: 2018 dividend RMB0.22 per ordinary share and amounting to RMB666,151,000).

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (For the six months ended 30 June 2019: Nil).

10. TRADE RECEIVABLES

	30 June 2020	31 December 2019
Trade receivables	5,084,097	5,225,581
Less: provision for doubtful debts (i)	(7,171)	(7,000)
Receivables – net	<u>5,076,926</u>	<u>5,218,581</u>

Most sales of the Group are in the form of cash and advanced payment. Other sales are collected subject to the agreed terms on sales contract.

The aging of trade receivables based on their recording dates is analysed as follows:

	30 June 2020	31 December 2019
Within 1 year	987,491	2,125,067
1 to 2 years	1,201,936	1,049,449
2 to 3 years	1,754,255	2,042,968
Over 3 years	1,140,415	8,097
Total	<u>5,084,097</u>	<u>5,225,581</u>

(All amounts in thousands of units of RMB unless otherwise stated)

(i) Doubtful Debts

As at 30 June 2020, significant individual amount and subject to separate provision of doubtful debts are as below:

	Balance	Expected credit loss for the entire period of existence	Doubtful debts
Trade receivables	<u>7,171</u>	<u>100</u>	<u>(7,171)</u>

Except for the trade receivables with the provision for bad debts mentioned above, there is no significant anticipated credit loss and no provision for bad debts in other trade receivables were recognized by the Group.

11. TRADE PAYABLES

The aging analysis of trade payables based on their recording dates is as follows:

	30 June 2020	31 December 2019
Within 1 year	8,443,827	8,348,306
Over 1 year	<u>609,760</u>	<u>203,334</u>
Total	<u>9,053,587</u>	<u>8,551,640</u>

12. NET CURRENT ASSETS

	30 June 2020	31 December 2019
Current assets	165,285,508	155,377,694
Less: Current liabilities	<u>(73,296,416)</u>	<u>(69,262,690)</u>
Net current assets	<u>91,989,092</u>	<u>86,115,004</u>

(All amounts in thousands of units of RMB unless otherwise stated)

13. TOTAL ASSETS LESS CURRENT LIABILITIES

	30 June 2020	31 December 2019
Total assets	202,408,431	185,269,318
Less: Current liabilities	<u>(73,296,416)</u>	<u>(69,262,690)</u>
Total assets less current liabilities	<u>129,112,015</u>	<u>116,006,628</u>

14. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain customers and has provided guarantees to secure repayments obligations of these customers.

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 30 June 2020, outstanding guarantees amounted to RMB9,621,571,000 (31 December 2019: RMB6,919,548,000).

- 15.** The outbreak of the 2019 Novel Coronavirus ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group. As at the date that the interim results announcement are authorised for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND DIVIDEND

During the first half of 2020, the Group's revenue totaled approximately RMB9,219,283,000 (first half of 2019: RMB10,476,385,000), decrease approximately 12% from the same period last year. Operating profit decrease approximately 47% year-on-year to approximately RMB1,153,591,000 (first half of 2019: RMB2,178,675,000). Profit attributable to owners of the Company decrease approximately 28% year-on-year to RMB850,221,000 (first half of 2019: RMB1,187,493,000). Earnings per share (basic and diluted) were RMB0.11 (first half of 2019: RMB0.30), representing of decrease approximately 63% compared with the first half of 2019. The Board resolved not to declare an interim dividend for the six months ended 30 June 2020.

PROPERTY SALES PERFORMANCE

During the first half of 2020, China's real estate industry suffered a critical setback amid the Covid-19 pandemic, with the widespread suspension of construction activities and sales center closures across the country. The Group's contracted sales were affected in the turbulent market. The Group effectively coordinated efforts between pandemic control and business operations. The Group adopted a targeted "point-to-point" approach alongside comprehensive measures to ensure the smooth and orderly return to normal operations. It put in place an innovative online-and-offline marketing model and quickly launched online sales campaigns. The Group's in-house sales team developed a cross-selling mechanism between projects and tapped into synergies across different regions and business lines, all of which helped to contribute to total contracted sales of RMB12.9 billion. In the second quarter, the Group fully returned to normal business operations, placing its property sales performance on a fast track to recovery.

During the first half of 2020, the total contracted sales area of the Group's projects was 997,000 sq.m., total contracted sales were RMB33.70 billion, and the average selling price was RMB34,000 per sq.m.. During the period, contracted sales in the three key metropolitan areas was RMB29.19 billion, accounting for roughly 87% of the total. In particular, the Beijing-Tianjin-Hebei region maintained its position as the Group's primary focus and contributed RMB17.64 billion, or 52% of total contracted sales. The Group took advantage of opportunities in the Yangtze River Delta region to consolidate and upgrade its position. Contracted sales in the area were RMB10.41 billion, up 30% year-over-year. During the period, the average sell-through rate for the Group's newly launched projects was nearly 80%. Some key projects, including "Tian Yue Yun He Yuan" in Hangzhou and "Tian Yue Lakeside Residence" in Suzhou achieved a sell-through rate of more than 90% on the day of launch, while a number of projects including those in Beijing Sunhe and the Qingpu District of Shanghai successfully generated the highest turnover in their respective regions.

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing-Tianjin-Hebei Region	388,829	45,367	17,639,901
Yangtze River Delta	279,289	37,255	10,405,028
Guangdong-Hong Kong-Macao Region	52,775	21,746	1,147,629
Others	275,951	16,350	4,511,738
Totals	<u>996,844</u>	<u>33,811</u>	<u>33,704,296</u>

COMMERCIAL PROPERTY

During the first half of 2020, economic growth around the world was sluggish due to the Covid-19 pandemic, and the retail sector was greatly impacted. Capital Grand, the commercial property arm of the Group, adopted a proactive approach, effectively implemented various science-based pandemic prevention measures and actively fulfilled its social responsibility as a state-owned enterprise by offering rent reductions or waivers to tenants at some of its outlets. At the same time, Capital Grand also took advantage of its nationwide deployment and branding strength, integrated online and offline channels, worked with Alibaba Cloud to continue to improve its data analytics and operational capabilities and push forward its transition to leaner, digitalized operations. With these efforts in place, Capital Grand achieved an overall recovery in operating performance and minimized the impact of the pandemic.

During the first half of 2020, the Group's outlets generated turnover of RMB2.9 billion and customer traffic of 14.66 million. Through unified marketing activities that were launched on June 6 to celebrate the anniversaries of the Beijing and Wuhan outlets, the turnover of the Group's outlet projects in 12 cities across the country increased almost 40% sequentially and turnover at the Wuhan outlets more than doubled over the same period last month. Focusing on the consumer experience while remaining in compliance with pandemic restrictions, the Beijing Fangshan Capital Outlets launched the first "off-peak shopping" campaign to ensure a safe shopping environment and increase sales opportunities. During the three-day promotion for its 7th anniversary, the Beijing Fangshan Capital Outlets achieved customer traffic of 125,000 and turnover of RMB44.8 million, both of which were record highs.

PROPERTY DEVELOPMENT

During the first half of 2020, the Group, together with its joint ventures and associated companies, completed the construction of projects with an aggregate GFA of approximately 650,500 sq.m..

Project	Type	Approximate Completed GFA (sq.m.)	Attributable Interest
Phase I of Zhoupu West	High-rise	153,908	51%
Phase I of China Chic	Western Style House/ High-rise	46,220	25%
Phase I of Capital of Vision	Western Style House/ High-rise	60,278	100%
Phase I of Xana Shine	Western Style House	68,247	50%
Phase I of Xi Rui Shan He	Western Style House	111,443	100%
Phase III of Tian Yue Jia Ling	High-rise	155,138	50.9%
Phase I of Tian Kong Yun Jing	Ultra-High-rise	55,290	33%
Total		650,524	

LAND BANK

During the first half of 2020, the Group adhered to a prudent investment strategy by investing only in the best projects. The Group continued to acquire prime land bank at low costs in a non-competitive and differentiated manner by synergies across business segments, leveraging strategic cooperation and synergies between primary and secondary land development. Specifically, BCL invested a total of RMB12.58 billion in 6 secondary land development projects located in Beijing, Zhengzhou, Nanjing and Chongqing, among other cities, with an aggregate GFA of 3.076 million sq.m.. All of the 6 projects were acquired at the initial bidding prices. In particular, the Beipingyuan Demonstration Zone Project in Zhengzhou, has a total GFA of 1.521 million sq.m. and is planned to be a large-scale integrated community that encompasses residential, Yuanwu Ancient Town and a cultural tourism city, among others. The project represents a new addition to the Group's growing list of core projects acquired through strategic cooperation at the initial bidding price, each with a GFA of over 1 million sq.m..

During the first half of 2020, the Group further promoted its “Property Plus” land acquisition model and secured two separate projects in Nanjing and Chongqing with an aggregate GFA of 726,000 sq.m., at initial bidding prices, by leveraging synergies with its high-tech business. Specifically, the Nanjing BCL Internet Industrial Park project, which is situated in the core area of the Hexi CBD in the Jianye District of Nanjing, sits right next to Alibaba’s Jiangsu headquarters and Xiaomi’s East China headquarters. With a total GFA of 327,000 sq.m., the project will also welcome the East China head office of 58.com, China’s largest online classifieds marketplace, which will make it a pivotal hub for digital economy companies in the region.

As of 30 June 2020, the Group had total land bank with an aggregate GFA of 17.90 million sq.m., and a total ground area of 13.92 million sq.m.. The aggregate GFA attributable to the Group’s equity interests was 11.40 million sq.m., and the ground area attributable to the Group’s equity interests was 8.76 million sq.m. Of the total land bank, 89% is for property development projects, and 11% is for investment properties and other uses. The existing land bank is considered to be of optimal scale and sufficient for the Group’s development over the next three years.

HUMAN RESOURCES

As of 30 June 2020, the Group employed 3,857 professionals with median age of 33.8. In terms of education level, 78% of employees held a bachelor’s degree or higher, and 12.7% held a master’s degree or higher. Employees with intermediate or senior professional titles accounted for 15.7%.

Amid the adverse impact of the Covid-19 pandemic in the first half of 2020, the Group focused on “building up core competencies” as its key management strategy, as it further expanded regional deployments and optimized organizational management. Specifically, the Group diligently promoted the establishment of new regional platforms by consolidating available resources, while boosting its existing market presence via organizational integration. Meanwhile, the Group continued to develop innovative businesses to generate balanced and sustainable development.

The Group continues to adhere to its belief that “talent is the most crucial capital” and consistently maintained strong employee relations to retain talent. The Group actively tapped into the full potential of its employees while fulfilling strategic needs by expanding internal talent mobility, which not only offered employees more opportunities for horizontal growth, but also helped to optimize talent deployment and increase team dynamics. In addition, to facilitate easy communication across teams and regions during the pandemic, BCL built a proprietary online platform for employees to learn and share as part of its efforts to cultivate talent in a more timely, agile and efficient fashion, thus effectively elevating the overall competencies of its teams.

OUTLOOK

Currently, the world economy is still under pressure as the pandemic continues to spread globally. Thanks to effective virus containment, the Chinese economy has demonstrated strong signs of recovery. Going forward, China is expected to further shore up its economy by adopting a more proactive fiscal policy and a prudent monetary policy with moderate flexibility. For the domestic real estate industry, regulatory policies are unlikely to relax in the short term, and the overarching theme of “housing is for people to live in, not for speculation” and “implementing city-specific measures” will continue to be the key focus of China’s real estate policies. While property developers have started to see a gradual recovery in the real estate market, they still face continuous headwinds, as access to funding for property markets is expected to remain tightly controlled and the regularly imposed measures for pandemic containment will add to further uncertainties. Therefore, it remains a top priority for industry players to maintain solid growth to navigate the challenges ahead. Looking forward to the second half of 2020, BCL will continue to uphold “quality growth” as its core mission and adhere to stable development while pursuing progress and agility along the way. The Group will implement the following development strategies:

1. The Group will adhere to a “fast turnover” strategy and continue to execute “369 project construction standards” while comprehensively upgrading the “BCL Intelligently Made 2025” operating strategy, in order to make sure that projects are delivered on time and key projects are launched as planned. It will further enhance synergies across online and offline sales as well as in-house sales teams, and set up special rewards program to accelerate sales and destocking. BCL will aim to mitigate the impacts of the epidemic as far as possible. In addition, the Group will continue to reinforce cash collection by further tapping into the value of inventory assets and existing cooperative projects, strengthen employee performance evaluation and incentives, and build up a systematic and standardized process for the management of cash collections.
2. The Group will continue to employ a prudent investment strategy and select the best projects among new investment targets. The Group will focus on acquiring projects with a non-competitive and differentiated approach through coordination across industries, M&A, strategic cooperation and synergies between primary and secondary land development. Leveraging its diversified business advantages, the Group will further advance its “Property Plus” land acquisition model in a bid to strengthen its strategic resource acquisition.

3. The Group will continue to adhere to a stability-oriented approach while pursuing business optimization by actively cultivating diversified innovative businesses. Centering around projects in the cultural and creative industries, high-tech industrial properties and rental housing, the Group will further enhance the benchmarking of its brand projects, expand and integrate industrial resources, create sustainable and profitable business models as well as new profit drivers, and strengthen cross-industry collaboration and synergies to acquire valuable land resources.
4. The Group will continue to expand its funding channels with a focus on direct financing from the capital markets, and proactively explore innovative funding methods to ensure sufficient financing reserves. The Group will strive to achieve H-share full circulation in order to increase shareholder value and lay a solid foundation for subsequent capital operations. The Group will also promote the integration of its property management resources to generate significant growth opportunities that are supported by well-timed capital investments. Leveraging its advantages in finance and property integration, as well as high-quality financial services, Prime Golden Capital will help to expand the Group's core resource acquisition and generate high-quality growth.

FINANCIAL ANALYSIS

In the first half of 2020, the operating revenue of the Group was approximately RMB9,219,283,000 (first half of 2019: RMB10,476,385,000), representing a decrease of approximately 12% as compared with the first half of 2019. Such decrease in operating revenue was mainly attributable to the decrease in sales revenue of property development during the period. In the first half of 2020, the Group achieved a gross profit margin after business tax of approximately 24%, representing a decrease of 14 percentage points as compared to 38% in the first half of 2019, which was mainly attributable to a decrease of gross profit margin in property development and sale business during the period.

In the first half of 2020, the operating profit of the Group was approximately RMB1,153,591,000 (first half of 2019: RMB2,178,675,000), representing a decrease of approximately 47% as compared with the first half of 2019.

1. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 30 June 2020, the Group's total assets were RMB202,408,431,000 (31 December 2019: RMB185,269,318,000), of which current assets were RMB165,285,508,000 (31 December 2019: RMB155,377,694,000) and non-current assets were RMB37,122,923,000 (31 December 2019: RMB29,891,624,000); the total liabilities were RMB156,934,840,000 (31 December 2019: RMB143,228,212,000), of which current liabilities were RMB73,296,416,000 (31 December 2019: RMB69,262,690,000) and non-current liabilities were RMB83,638,424,000 (31 December 2019: RMB73,965,522,000); and the total equity was RMB45,473,591,000 (31 December 2019: RMB42,041,106,000).

The Group has sound liquidity and solvency. Current ratio of the Group as at 30 June 2020 was 2.26 (31 December 2019: 2.24).

As at 30 June 2020, the Group's cash at bank and on hand amounted to RMB32,387,804,000 (31 December 2019: RMB27,035,244,000), which represented sufficient funds for operations. As at 30 June 2020, loans and debentures of the Group amounted to RMB103,863,839,000 (31 December 2019: RMB94,670,594,000) in aggregate, of which the long-term loans and debentures amounted to RMB79,886,336,000 (31 December 2019: RMB70,935,863,000). The bank loans were mainly used to satisfy the capital requirements of the Group's property development projects.

As at 30 June 2020, the Group's gearing ratio was approximately 78% (31 December 2019: 77%). The gearing ratio of the Group is calculated as the total liabilities divided by the total assets.

2. Changes in major subsidiaries, principal jointly controlled entities and associates

Henan Rong Shou Innovative Cultural and Travel Real Estate Co., Ltd. (河南融首新創文旅置業有限公司), a subsidiary of the Group, was established in February 2020, and 40% of its equity interest was held by the Group.

Beijing Jinghui Real Estate Co., Ltd. (北京景輝置業有限公司), a subsidiary of the Group, was established in March 2020, and 100% of its equity interest was held by the Group.

Chongqing Shou Hong Technology and Development Co., Ltd. (重慶首泓科技發展有限公司), a subsidiary of the Group, was established in April 2020, and 100% of its equity interest was held by the Group.

During the period, the Group entered into an agreement with its former joint venture, Wuhan Rong Cheng Innovative Investment and Development Co., Ltd. (武漢融城開創投資發展有限公司) (“**Wuhan Rong Cheng Innovative**”) in terms of approaches to cooperation. Thereafter, the Group has control over Wuhan Rong Cheng Innovative, which became a subsidiary of the Group in June 2020.

During the period, the Group entered into an agreement with its former joint venture, Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (“**Shouwan Yuye**”) in terms of approaches to cooperation. Thereafter, the Group has control over Shouwan Yuye, which became a subsidiary of the Group in January 2020.

Wuhan Rong Shou Innovative Investment and Development Co., Ltd. (武漢融首新創投資發展有限公司), an associate of the Group, was established in May 2020, and 49% of its equity interest was held by the Group.

3. Entrusted Deposits and Overdue Time Deposits

As of 30 June 2020, the Group did not have any entrusted deposits in financial institutions in the PRC. Most of the Group’s cash was held in commercial banks in the PRC in compliance with applicable laws and regulations. The Group has no bank deposits, which are not recoverable upon maturity.

4. Borrowings

As at 30 June 2020, bank borrowings of RMB41,853,001,000 (31 December 2019: RMB40,634,128,000) were from credit facilities obtained by the Group, of which, RMB40,953,001,000 (31 December 2019: RMB34,005,681,000) were secured by guarantees provided by the Group for its subsidiaries; and RMB1,218,873,000 (31 December 2019: RMB1,622,000,000) were general credit facilities obtained by the Group.

As at 30 June 2020, the Group's guaranteed bank borrowings amounted to RMB3,615,000,000 (31 December 2019: RMB4,131,000,000), of which, RMB1,115,000,000 (31 December 2019: RMB1,631,000,000) were secured by the guarantees provided by the Company and the third parties for the subsidiaries; and RMB2,500,000,000 (31 December 2019: RMB2,500,000,000) were guaranteed by Beijing Capital Group Co., Ltd. ("**Capital Group**"), the controlling shareholder of the Company.

As at 30 June 2020, the Group's mortgaged bank borrowings amounted to RMB12,270,288,000 (31 December 2019: RMB8,565,668,000). Of them, RMB6,157,813,000 (31 December 2019: RMB4,487,151,000) were secured by certain relevant properties under development; RMB180,000,000 (31 December 2019: RMB198,000,000) were secured by investment properties and land use rights; RMB1,295,000,000 (31 December 2019: RMB877,262,000) were secured by guarantees provided by the Group for its subsidiaries and by certain relevant properties under development of the subsidiaries; RMB1,698,500,000 (31 December 2019: RMB1,265,000,000) were secured by guarantees provided by the Group for its subsidiaries and by investment properties and land use rights of the subsidiaries; RMB320,000,000 (31 December 2019: Nil) were secured by guarantees provided by inter-company guarantees between subsidiaries of the Group and by investment properties and land use rights of the subsidiaries; RMB2,618,975,000 (31 December 2019: RMB1,738,255,000) were secured by inter-company guarantees between subsidiaries of the Group and by certain relevant properties under development of the subsidiaries.

As at 30 June 2020, the Group's pledged bank borrowings amounted to RMB2,700,000,000 (31 December 2019: RMB2,333,263,000). Of them, Nil (31 December 2019: RMB833,263,000) were secured by the entitlement to the receivables to be generated from the sales of properties under development of the Group; and RMB2,700,000,000 (31 December 2019: RMB1,500,000,000) were secured by the trade receivables of subsidiaries of the Group.

As at 30 June 2020, the Group's mortgaged and pledged bank borrowings amounted to RMB1,055,000,000 (31 December 2019: RMB1,055,000,000), which were secured by guarantees provided by the Group for its subsidiaries, investment properties and land use rights of the subsidiaries of the Group and the entitlement to trade receivables of the Group.

5. Corporate Bonds

In May 2015, the Group issued 5-year RMB listed bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum. The bonds had been fully settled in May 2020.

In April 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.50% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB640,000,000.

In June 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,700,000,000 with a prevailing interest rate of 4.40% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB750,000,000.

In July 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.10% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB380,000,000.

In September 2017, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB500,000,000 with a prevailing rate of 5.00% per annum. The current balance is RMB250,000,000.

In November 2017, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB500,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The current balance is RMB250,000,000.

In January 2018, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB1,000,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The current balance is RMB400,000,000.

In April 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 5.84% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 2.95% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year. The current balance is RMB200,000,000.

In July 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 5.80% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In July 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.94% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.89% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 6.00% per annum.

In December 2018, the Group issued 3-year RMB denominated listed corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.16% per annum.

In December 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.50% per annum.

In January 2019, the Group issued 3-year RMB private bonds in a principal amount of RMB1,500,000,000 with an interest rate of 6.00% per annum.

In April 2019, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.30% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In April 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.58% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In May 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,460,000,000 with a prevailing interest rate of 4.37% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB2,130,000,000 with a prevailing interest rate of 4.26% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2019, the Group issued non-publicly 3-year RMB corporate bonds in a principal amount of RMB2,000,000,000 with an interest rate of 5.40% per annum.

In March 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB790,000,000 with a prevailing interest rate of 3.65% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2020, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with an interest rate of 3.40% per annum.

In May 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,000,000,000 with a prevailing interest rate of 3.60% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

6. Notes

In February 2014, Central Plaza Development Ltd. (“**Central Plaza**”) established a Guaranteed Medium Term Notes and Perpetual Securities Scheme (the “**Scheme**”), pursuant to which International Financial Center Property Ltd. (“**IFC**”) or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza renewed the Scheme above, pursuant to which IFC or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD400,000,000 at an interest rate of 3.875% per annum. The above notes were repaid in January 2020.

In July 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principle amount of USD100,000,000 at an interest rate of 3.70% per annum. The above notes were repaid in June 2020.

In January 2018, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD2,000,000,000.

In January 2018, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD500,000,000 at an interest rate of 3.875% per annum.

In August 2018, Trade Horizon Global Limited issued 3-year notes in a total principal amount of USD400,000,000 at a prevailing interest rate of 4.84% per annum.

In October 2019, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD3,000,000,000.

In January 2020, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 5.5-year notes in a total principal amount of USD450,000,000 at an interest rate of 3.85% per annum.

7. Equity Instrument

In September 2017, the Group through Huaxin International Trustee raised amounted to RMB2,000,000,000. According to the terms of Investment Agreement, other equity instruments recognized amounted to RMB1,970,027,000 after deducting the inevitable dividend payable in the foreseeable future.

In December 2017, the Group through Sino-Australian International Trust raised amounted to RMB1,100,000,000. According to the terms of Investment Agreement, other equity instruments recognized amounted to RMB1,024,650,000 after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, the Group issued a debt financing plan of RMB600,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB553,800,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2018, the Group issued a debt financing plan of RMB200,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB184,600,000 after deducting the inevitable dividend payable in the foreseeable future.

In June 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,988,000,000 after deducting issue expenses.

In August 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,991,000,000 after deducting issue expenses.

In August 2018, the Group issued a debt financing plan of RMB1,800,000,000. Other equity instruments recognized amounted to RMB1,735,200,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued perpetual bonds of RMB870,000,000 through Sino-Australian International Trust. Other equity instruments recognized amounted to RMB796,050,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued a debt financing plan of RMB350,000,000. Other equity instruments recognized amounted to RMB337,400,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Group issued perpetual bonds of RMB1,800,000,000 through AVIC Trust. Other equity instruments recognized amounted to RMB1,685,347,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Group issued a debt financing plan of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,862,842,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Group issued perpetual medium-term notes of RMB1,000,000,000. Other equity instruments recognized amounted to RMB995,500,000 after deducting the relevant expenses.

In November 2019, Central Plaza issued Perpetual Securities amounted to USD500,000,000 at a distribution rate of 5.75% under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuing costs, the Group received RMB3,470,846,000. As the issuer, Central Plaza may defer distribution without any frequency limitations only if Central Plaza or the Company do not declare or pay dividends. The Group has no contractual obligation to repay its principal or to pay any distribution. The perpetual securities do not meet the definition of financial liabilities by the Group. The Group recognized non-controlling interests amounted to RMB3,470,846,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In June 2020, a subsidiary of the Group issued Debt Investment Program amounted to RMB500,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounted to RMB475,870,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

8. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB9,621,571,000 at 30 June 2020 (31 December 2019: RMB6,919,548,000). Such guarantees will be terminated upon: (i) the issuance of the real estate interestship certificates which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate other right certificates relating to the relevant property.

As at 30 June 2020, the Group provided a guarantee of RMB255,000,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 30 June 2020, the Group provided a guarantee of RMB83,453,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 30 June 2020, the Group provided a guarantee of RMB144,000,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 30 June 2020, the Group provided a guarantee of RMB598,476,000 for a long term borrowing borrowed by an associate.

As at 30 June 2020, the Group provided a guarantee of RMB51,891,000 for a long term borrowing borrowed by a joint venture.

As at 30 June 2020, the Group provided a guarantee of RMB690,014,000 for a long term borrowing borrowed by a joint venture.

Save for the above, the Group had no other material external guarantee.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the review of the unaudited interim report for the six months ended 30 June 2020.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code which is on terms no less exacting than the required standard set out in the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) in Appendix 10 of the Listing Rules.

All directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code and the company code throughout the period.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2020, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "**Corporate Governance Code**") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the period from 1 January 2020 to 30 June 2020.

In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code.

By Order of the Board
Beijing Capital Land Ltd.
Lee Sze Wai
Company Secretary

Hong Kong, 17 August 2020

The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is Non-Executive Director, Mr. Zhong Beichen (President), Mr. Li Xiaobin, Mr. Hu Weimin and Mr. Fan Shubin who are Executive Directors, Mr. Su Jian who is Non-Executive Directors, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are Independent Non-Executive Directors.