BEIJING PROPERTIES (HOLDINGS) LIMITED
北 京 建 設 （ 控 股 ） 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 925)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

Revenue increased by approximately HK$211.95 million to HK$692.66 million for the year ended 31 December 2019, representing an increase of approximately 44.09%, as compared to approximately HK$480.71 million for the year ended 31 December 2018.

Gross profit decreased by approximately HK$12.15 million to HK$312.88 million for the year ended 31 December 2019, representing a decrease of approximately 3.74%, as compared to approximately HK$325.03 million for the year ended 31 December 2018.

Consolidated loss attributable to shareholders of the Company for the year ended 31 December 2019 increased by approximately HK$480.51 million to HK$504.19 million, as compared to that of approximately HK$23.68 million for the year ended 31 December 2018.

Basic and diluted loss per share for the year were HK7.23 cents each.

Net assets value per share attributable to shareholders of the Company was approximately HK$0.46 as at 31 December 2019.

RESULTS

The board of directors (the "Board") of Beijing Properties (Holdings) Limited (the "Company") presents the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019, together with comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	3	**692,657**	480,705
Cost of sales and services		**(379,779)**	(155,678)
Gross profit		**312,878**	325,027
Changes in fair value of investment properties, net		**163,041**	478,053
Other income and gains, net	4	**112,802**	123,232
Selling and distribution expenses		**(15,000)**	(15,976)
Administrative expenses		**(229,811)**	(239,265)
Other expenses		**(95,999)**	(37,595)
Finance costs	5	**(498,639)**	(490,364)
Share of profits and losses of:			
Joint ventures		**82,566**	167,309
Associates		**(99,893)**	6,108
PROFIT/(LOSS) BEFORE TAX	6	**(268,055)**	316,529
Income tax	7	**(149,044)**	(216,329)
PROFIT/(LOSS) FOR THE YEAR		**(417,099)**	100,200
Attributable to:			
Shareholders of the Company		**(504,191)**	(23,677)
Non-controlling interests		**87,092**	123,877
		(417,099)	100,200
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic and diluted		**(HK7.23 cents)**	(HK0.34 cent)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 *HK$'000*	2018 *HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(417,099)**	100,200
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**(150,091)**	(449,391)
– Share of other comprehensive losses of:		
Joint ventures	**(20,177)**	(54,569)
Associates	**(6,862)**	(13,284)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(177,130)**	(517,244)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
– Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	**(17,440)**	(30,176)
– Actuarial losses of defined benefit plans	**(1,089)**	(3,153)
– Share of other comprehensive income/(loss) of:		
Joint ventures	**81,036**	–
Associates	**(3,703)**	(1,321)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**58,804**	(34,650)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX OF NIL	**(118,326)**	(551,894)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(535,425)**	(451,694)
Attributable to:		
Shareholders of the Company	**(611,479)**	(482,812)
Non-controlling interests	**76,054**	31,118
	(535,425)	(451,694)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,064,352**	1,135,586
Investment properties		**5,878,802**	7,636,423
Right-of-use assets		**82,193**	–
Prepaid land lease payments		**–**	83,072
Goodwill		**123,022**	186,104
Interests in joint ventures		**1,816,152**	1,795,922
Interests in associates		**684,663**	877,790
Equity investment at fair value through other comprehensive income		**5,347**	22,787
Prepayments, deposits and other receivables		**9,201**	29,681
Land held for development or sale		**4,373,799**	4,316,982
Pledged and restricted bank deposits		**6,266**	62,759
Deferred tax assets		**33,257**	28,325
Total non-current assets		**14,077,054**	16,175,431
CURRENT ASSETS			
Properties held for sale		**90,419**	91,995
Inventories		**165,322**	1,695
Trade receivables	*10*	**15,358**	10,633
Prepayments, deposits and other receivables		**159,850**	101,127
Due from joint ventures		**140,427**	153,813
Due from associates		**87**	29,126
Pledged and restricted bank deposits		**28,084**	656,199
Cash and cash equivalents		**973,696**	1,101,402
		1,573,243	2,145,990
Assets of disposal group classified as held for sale		**2,673,885**	–
Total current assets		**4,247,128**	2,145,990
CURRENT LIABILITIES			
Trade payables	*11*	**2,812**	9,553
Other payables and accruals		**2,098,220**	1,106,628
Due to a joint venture		**3,399**	127,239
Due to other related parties		**13,901**	167,900
Bank and other borrowings		**2,255,581**	1,115,297
Guaranteed bonds	*12*	**4,276,188**	–
Income tax payables		**55,155**	65,801
Provision for compensation	*13*	**221,878**	225,586
		8,927,134	2,818,004
Liability directly associated with the assets of disposal groups classified as held for sale		**905,534**	–
Total current liabilities		**9,832,668**	2,818,004

	Notes	2019 HK$'000	2018 HK$'000
NET CURRENT LIABILITIES		**(5,585,540)**	(672,014)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,491,514**	15,503,417
NON-CURRENT LIABILITIES			
Due to a joint venture		**197,779**	–
Due to other related parties		**175,911**	451,948
Bank and other borrowings		**1,404,326**	2,394,701
Guaranteed bonds	*12*	**–**	4,246,036
Derivative financial instrument		**–**	20,937
Deferred revenue		**114,124**	210,481
Defined benefit obligations		**19,878**	19,427
Deferred tax liabilities		**1,397,498**	1,589,657
Total non-current liabilities		**3,309,516**	8,933,187
Net assets		**5,181,998**	6,570,230
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*14*	**696,933**	696,933
Reserves		**2,513,201**	3,233,645
		3,210,134	3,930,578
Non-controlling interests		**1,971,864**	2,639,652
Total equity		**5,181,998**	6,570,230

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1.1 BASIS OF PRESENTATION

At 31 December 2019, the Group had net current liabilities of HK$5.59 billion. In assessing the Group's ability to operate as a going concern, a cash flow projection has been prepared by the management, which, inter alia, takes into account the historical operating performance of the Group and the following:

- Subsequent to the reporting period, in February 2020, the Group has issued US$600 million (equivalent to HK$4.68 billion) 5.95% guaranteed bond, due 2023;

- Subsequent to the reporting period, in March 2020, the Group has obtained a syndicated loan with banking facilities of US$100 million (equivalent to HK$780 million), due in 2023;

- Unutilised banking facilities of HK$341 million that are already available to the Group as at 31 December 2019, and the existing revolving banking facilities will be continued to be available to the Group;

- The Group is in the process of realising certain of its investments and/or properties through a Public Tender. Please refer to the announcements dated 4 September 2019, 10 September 2019 and 29 October 2019 for further details;

- The Group is currently arranging additional banking facilities with financial institutions to further support the Group's funding needs should the aforesaid realisation of investments and/or properties not be completed in the upcoming year. An unbinding mandate for the arrangement of a syndicated facility of up to US$300 million (equivalent to HK$2.34 billion) with a major bank has been obtained by the Group as at the date of approval of the financial statements.

The directors believe that, taking into account of the above factors, the Group will have sufficient working capital to continue as a going concern. However, should the aforesaid realisation of the Group's assets be delayed and/or the existing and/or additional banking facilities be unavailable, the Group may be unable to continue as a going concern, in which case adjustments would have to be made to adjust the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, a derivative financial instrument, equity investment at fair value through other comprehensive income, defined benefit obligations and disposal groups held for sale which have been measured in accordance with the accounting policy as set out in the financial statements. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of new and revised standards

The Group has adopted the following new and revised standards for the first time for the current year's financial statements:

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

Except for the amendments to HKFRS 9 and HKAS 19, and Annual Improvements to HKFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

Therefore, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

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

New definition of a lease

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

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for several office premises. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

The Group elected to present the right-of-use assets separately in the statement of financial position. All these assets were assessed for any impairment based on HKAS 36 on that date. This includes the lease assets recognised previously under operating leases of HK$83,072,000 and HK$3,050,000 that were reclassified from prepaid land lease payments and prepayment, deposits and other receivables, respectively, as at 1 January 2019.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019 and to be measured at fair value in accordance with the Group's policy for "investment properties".

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

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

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

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

(a) the properties business segment engages in the leasing of commercial properties and provision of related management services, and a hotel operation in Beijing, the PRC;

(b) the logistics business segment engages in the leasing of general warehouses, cold chain logistic warehouses and specialised wholesale market, and provision of related logistics and management services;

(c) the industrial business segment engages in the leasing of industrial plants and provision of related management services;

(d) the trading business segment engages in the trading of frozen products; and

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment's profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that gains on bargain purchase of subsidiaries, gain on deemed acquisition of an associate, fair value gain of a derivative instrument, foreign exchange differences, interest income, non-lease-related finance costs, as well as head office and corporate income/expenses are excluded from such measurement.

	Properties business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**132,646**	142,931	**244,296**	239,653	**27,858**	20,121	**287,857**	–	**–**	78,000	**692,657**	480,705
Changes in fair value of investment properties, net	**3,640**	198,144	**65,382**	197,719	**94,019**	82,190	**–**	–	**–**	–	**163,041**	478,053
	136,286	341,075	**309,678**	437,372	**121,877**	102,311	**287,857**	–	**–**	78,000	**855,698**	958,758
Segment results:												
The Group	**(63,927)**	257,928	**246,230**	239,582	**104,704**	80,378	**(12,082)**	–	**(1,725)**	15,498	**273,200**	593,386
Share of profits and losses of:												
Joint ventures	**–**	–	**82,566**	167,309	**–**	–	**–**	–	**–**	–	**82,566**	167,309
Associates	**(71,006)**	4,514	**–**	–	**–**	–	**–**	–	**(28,887)**	1,594	**(99,893)**	6,108
	(134,933)	262,442	**328,796**	406,891	**104,704**	80,378	**(12,082)**	–	**(30,612)**	17,092	**255,873**	766,803
Reconciliation:												
Fair value gain of a derivative instrument											**4,693**	30,010
Bank interest income											**17,904**	40,924
Other interest income											**7,997**	28,184
Foreign exchange differences, net											**10,628**	(37,109)
Corporate and other unallocated income and expenses, net											**(66,511)**	(21,919)
Finance costs											**(498,639)**	(490,364)
Profit/(loss) before tax											**(268,055)**	316,529
Other segment information												
Depreciation:												
Segment assets	**27,618**	29,489	**16,036**	16,798	**271**	194	**461**	–	**1**	72	**44,387**	46,553
Corporate and other unallocated assets											**1,204**	29
											45,591	46,582
Depreciation of right-of-use assets (2018: Amortisation of prepaid land lease payments)	**1,970**	1,988	**954**	998	**–**	–	**–**	–	**–**	–	**2,924**	2,986
Provision/(reversal of provision) for compensation, net	**5,348**	(1,009)	**–**	–	**–**	–	**–**	–	**–**	–	**5,348**	(1,009)
Investments in joint ventures	**–**	–	**1,720,202**	1,390,593	**–**	–	**–**	–	**–**	–	**1,720,202**	1,390,593
Investments in associates	**439,969**	598,638	**–**	**–**	**–**	–	**–**	–	**244,694**	279,152	**684,663**	877,790
Capital expenditure*:												
Segment assets	**4,960**	4,391	**405,813**	31,999	**335,640**	404,603	**25**	–	**–**	–	**746,438**	440,993
Corporate and other unallocated assets											**342**	354
											746,780	441,347

* *Capital expenditure consists of additions of property, plant and equipment, investment properties, and prepaid land lease payments, including assets from the acquisition of subsidiaries.*

Geographical information

Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Mainland China	**685,785**	402,705
Hong Kong	**6,872**	–
Cambodia	**–**	78,000
	692,657	480,705

The revenue information above is based on the locations where the transactions took place.

Information about major customers

During the year ended 31 December 2019, the Group had no single external customer which contributed over 10% of the Group's total revenue for the year.

During the year ended 31 December 2018, revenue of approximately HK$78,000,000 was derived from sales to a single customer of the primary land development business segment.

3. REVENUE

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Hotel operation	**93,809**	97,636
Sale of land	**–**	78,000
Logistics and other ancillary services	**42,404**	36,305
Property management fee	**29,441**	25,699
Trading income	**287,857**	–
Gross rental income	**239,146**	243,065
Total revenue	**692,657**	480,705

4. OTHER INCOME AND GAINS, NET

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

	2019	2018
	HK$'000	*HK$'000*
Other income		
Bank interest income	**17,904**	40,924
Other interest income	**7,997**	28,184
Government grants*	**45,400**	8,928
Others	**26,180**	15,186
	97,481	93,222
Gains, net		
Fair value gain of a derivative financial instrument	**4,693**	30,010
Foreign exchange differences, net	**10,628**	–
	15,321	30,010
Other income and gains, net	**112,802**	123,232

* *The government grants recognised during the year represented grants received from certain government authorities in respect of the fulfilment of certain specific requirements in respect of the Group's investments in certain subsidiaries, construction of warehouses and purchase of land use rights and property, plant and equipment in the PRC.*

5. FINANCE COSTS

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

	2019	2018
	HK$'000	*HK$'000*
Interest on bank and other loans	**198,887**	165,611
Interest on loans from related parties	**849**	226
Interest on guaranteed bonds	**307,617**	329,126
Other finance costs	**3,802**	693
Total finance costs	**511,155**	495,656
Less: Amount capitalised in investment properties under construction	**(12,516)**	(5,292)
	498,639	490,364

6. PROFIT/(LOSS) BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Direct cost of rental income	**19,501**	23,428
Cost of hotel operation	**46,542**	48,200
Cost of services provided	**26,798**	27,890
Cost of sale of land	**–**	56,160
Cost of goods sold	**286,938**	–
Depreciation	**45,591**	46,582
Less: Amount included in cost of sales and services	**(23,918)**	(25,776)
	21,673	20,806
Depreciation of right-of-use assets (2018: Amortisation of prepaid land lease payments)	**2,924**	2,986
Minimum lease payments under operating leases in respect of land and buildings	**–**	11,802
Lease payments that not included in the measurement of leased liabilities	**9,068**	–
Loss on disposal of items of property, plant and equipment*	**–**	26
Impairment of an associate*	**77,893**	–
Impairment of items of property, plant and equipment*	**10,552**	–
Employee benefit expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**100,662**	103,961
Defined contribution scheme contributions	**18,722**	21,418
Cost of defined benefit plans	**1,055**	1,103
	120,439	126,482
Less: Amount included in cost of sales and services	**(20,650)**	(24,526)
	99,789	101,956
Provision/(reversal of provision) for compensation, net*	**5,348**	(1,009)
Foreign exchange differences, net	**(10,628)**	37,109*

* *These items are included in "Other expenses" in the consolidated statement of profit or loss.*

7. INCOME TAX

An analysis of the Group's income tax is as follows:

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Withholding tax interest income from intercompany loans	**3,376**	–
Current – Mainland China		
Charge for the year	**31,374**	36,082
Withholding tax interest income from intercompany loans	**2,088**	–
Current – Cambodia		
Charge for the year	**–**	3,293
Deferred	**112,206**	176,954
Total tax expense for the year	**149,044**	216,329

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (2018: 6,883,302,462) ordinary shares in issue during the year.

In respect of the diluted loss per share amounts for the years ended 31 December 2019 and 2018, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts presented.

10. TRADE RECEIVABLES

Trade receivables of the Group included rental income receivable from tenants of the Group's investment properties, services fees receivable from customers of the Group's logistics centers, room charges and service fees arising from the Group's hotel operation and receivable from customers of trading business. Overdue trade receivables were not impaired as they were fully collateralised by the security deposits paid by the relevant customers.

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

	2019	2018
	HK$'000	*HK$'000*
Within one month	**9,467**	7,934
One to three months	**5,636**	2,480
Over three months	**255**	219
	15,358	10,633

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

11. 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:

	2019	2018
	HK$'000	*HK$'000*
Within one month	**2,508**	5,445
One to three months	**59**	3,609
Over three months	**245**	499
	2,812	9,553

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

12. GUARANTEED BONDS

	2019	2018
	HK$'000	*HK$'000*
4.375% guaranteed bonds due 2020	**2,335,608**	2,318,476
9% guaranteed bonds due 2020 *(note (c))*	**1,940,580**	1,927,560
	4,276,188	4,246,036
Portion classified as current liabilities	**(4,276,188)**	–
Non-current portion	**–**	4,246,036

Notes:

(a) The Group's guaranteed bonds as at 31 December 2019 and 2018 are all denominated in US$ and guaranteed by the Company, and interest thereon are payable semi-annually in arrear.

(b) The guaranteed bonds are subject to redemption by the Group, in whole but not in part, at a redemption amount equal to the Make-Whole Price (as defined in the terms and conditions of the respective bonds). They also contain a provision for redemption at the option of the holders of the respective bonds at 101% of the principal amount, together with interest accrued to the date of redemption, upon a change of control (as defined in terms and conditions of the respective bonds) with respect to the Company. Within the best knowledge of the directors, the above event did not take place during the year and as at the date of approval of these financial statements. Further details of the bonds outstanding as at 31 December 2019 are set out in the Company's announcement dated 2 March 2017 and 10 August 2018.

(c) The Group may, at any time on or after the First Anniversary Call Date (as defined in the terms and conditions of the respective bonds) upon giving not less than 30 nor more than 60 days' notice to the holders of the bonds and to the trustee in writing (which notice shall be irrevocable), redeem the bonds, in whole but not in part, at 101% of their principal amount, together with accrued interest up to, but excluding, the date fixed for redemption.

13. PROVISION FOR COMPENSATION

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**225,586**	243,733
Additional/(reversal of) provision	**5,348**	(1,009)
Settlement during the year	**(5,188)**	(4,671)
Exchange realignment	**(3,868)**	(12,467)
At 31 December	**221,878**	225,586

Note:

The provision for compensation was a provision for resettlement compensations payable to certain indigenous properties owners and tenants (the "Concerned Residents") affected by the construction works of a residential and commercial complex (the "Metro Mall") undertaken by Guangzhou Guangming, a subsidiary of the Company, in prior years.

During the construction of the Metro Mall by Guangzhou Guangming in the 1990s, properties owned/rented by the Concerned Residents were demolished and it was agreed between the Concerned Residents and Guangzhou Guangming that new residential flats to be built by Guangzhou Guangming will be used as compensation to the Concerned Residents for the demolished properties. However, due to changes in the development plan, no residential flats can be built and Guangzhou Guangming was unable to resettle those Concerned Residents in the agreed manner. In prior years, some of the Concerned Residents had lodged litigations against Guangzhou Guangming for its breach of agreements and requested monetary compensation. Guangzhou Guangming lost some of those lawsuits and was required to pay compensation together with overdue penalties.

During the year ended 31 December 2019, Guangzhou Guangming continued to negotiate an arrangement (the "Compensation Arrangement") with certain local government authorities regarding construction of resettlement buildings for the Concerned Residents. Under the Compensation Arrangement, resettlement buildings will be constructed and allocated to each Concerned Resident based on their respective areas of the demolished properties they previously owned. Guangzhou Guangming shall then be discharged from its legal obligation for the replacement flats to the Concerned Residents. The Compensation Arrangement has not been finalised as at the date of approval of these financial statements and is still subject to further negotiation with the local government authorities.

In arriving at the best estimate of the amount of the provisions for the resettlement compensation, management of the Group had made reference to the latest plan of the Compensation Arrangement, judgements of the lawsuits and all other available information. As a result of the new development on the latest plan of the Compensation Arrangement, in the opinion of the directors, the amounts of compensation cost that the Group may incur would be HK$221,878,000 (2018: HK$225,586,000) as at 31 December 2019.

14. SHARE CAPITAL

Shares

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

A summary of movements of the Company's issued capital and share premium account during the years ended 31 December 2019 and 2018 is as follows:

	Number of ordinary shares in issue	**Issued capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 January 2018	6,852,600,585	685,260	1,730,046	2,415,306
Issue of shares as consideration for the acquisition of subsidiaries	116,731,095	11,673	32,101	43,774
At 31 December 2018, 1 January 2019 and 31 December 2019	6,969,331,680	696,933	1,762,147	2,459,080

15. CAPITAL COMMITMENTS

At 31 December 2019, the Group had the following capital commitments:

	2019	2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital injection into an associate	**117,453**	119,501
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities	**753,126**	192,363
Purchase of land	**–**	229,164
Total capital commitments	**874,479**	544,928

In addition, the Group's share of joint ventures' own capital commitments, which are contracted but not provided for and not included in the above disclosure, amounted to HK$715,553,000 (2018: HK$700,847,000) as at 31 December 2019.

16. EVENTS AFTER THE REPORTING PERIOD

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

(a) On 24 February 2020, BPHL Capital Management Limited ("BPHL Capital Management"), a wholly owned subsidiary of the Company, issued 5.95% guaranteed bonds due 2023 (the "2023 Notes") in an aggregate amount of US$600,000,000 to independent third parties. The Company has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by BPHL Capital Management under the subscription agreement for the issue of 2023 Notes.

(b) On 28 February 2020, the Company paid the consideration of put option relating to the interest in China Logistics Infrastructures (Holdings) Limited of RMB1,176,220,000 (equivalent to approximately HK$1,315,720,000).

(c) On 17 March 2020, the Company entered into a term loan facility agreement (the "Facility Agreement") with a bank for a term loan facility (the "Loan Facility") in the amount of up to US$100,000,000. The Loan Facility is for a term of 36 months commencing from first utilization date which shall be within six months after 17 March 2020, being the date of Facility Agreement.

(d) Nimble City Limited, a wholly owned subsidiary of the Company, repurchased part of the US$250,000,000 9.0% guaranteed bonds due 2020 (the "Bonds") in an aggregated principal amount of US$33,000,000 (the "Repurchased Bonds") in the open market during the period from 19 March 2020 to 26 March 2020, representing approximately 13.2% of the initial aggregate principal amount of the Bonds. All of the Repurchased Bonds have been or will be cancelled. After cancellation of the Repurchased Bonds, the outstanding aggregate principal amount of the Bonds is US$217,000,000, representing 86.8% of the initial aggregate principal amount of the Bonds.

(e) The COVID-19 remains a very fluid situation and we are monitoring it closely. The health and safety of our employees and tenants are our top priority during this unprecedented and challenging time. As such, appropriate measures have been undertaken across the Group. In terms of operations, there has been partial impact caused by COVID-19 to the Group's development and operating projects. The construction project in Qingdao is waiting for the government's permission to resume work while the other projects delay the schedule for few months. Some of the projects are required to waive or reduce the rental due to the policy of local government in PRC. Pending on the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic and operating conditions arising thereof may have impact on the Group's financial result. The Group will pay close attention to the development of the COVID-19 and perform further assessment on its impact and take relevant measures.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2019, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$504.19 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$23.68 million recorded for the year ended 31 December 2018.

BUSINESS REVIEW

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

The business model of the Group is designed to: (1) make investment in the early stage of a project; (2) add value to the project once the development has been completed; (3) sell the mature project at a satisfactory price. Cash recovered from the disposal of such projects is used to: (1) repay project development loans so as to lower ongoing finance costs and increase profit; (2) reinvest in new projects to create opportunities to generate profit in the future; (3) distribute appropriate investment returns to the shareholders as our investors. We believe that according to our business model, the increasing capital values of our projects, coupled with our operating profit, will ultimately deliver attractive returns to our shareholders.

Since 2009, the Group has invested large sums of capital in China and abroad to invest in and develop projects in prime locations. Along with the stable income from such projects and the steady growth of China's economy, the capital values of certain projects have grown at satisfactory rates when compared to our primary inputs. Therefore, the Group thoroughly studied and explored the disposal of certain mature logistics assets in 2019, and planned to dispose of some logistics assets and industrial properties in 2020 in order to accomplish the establishment of the Group's entire business model. These disposals will recover a significant amount of funds for the Group such that the goals of the Group's business model to reduce debt and make reinvestment and distribution can be realised. Capitalising on its own strength as a state-owned enterprise, the Group will further purchase and develop land in prime locations in order to further enhance the levels of our participation in the logistics, industrial and cold chain industries, and further consolidate our long-term profitability and model of capital gains.

The current progress of the Group's projects will be discussed in the following analysis of various business segments.

(1) High-end and Modern General Warehouses

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

Warehouse location	Notes	Planned and owned area	Operating rentable area	Average occupancy rate for the year ended 31 December 2019	2018
		(sq.m)	*(sq.m)*	*(%)*	*(%)*
Majuqiao, Beijing*	*(a)*	589,410	232,384	100	97.36
Pudong District, Shanghai#	*(b)*	211,555	211,555	76.50	76.30
Tianjin (Tianjin Airport Economic Area of Tianjin Free-Trade Zone)#	*(c)*	58,617	58,617	94.76	96.06
Tianjin (Tianjin Port Area of Tianjin Free-Trade Zone)#	*(d)*	16,083	16,083	100	100
Tong'an District, Xiamen	*(e)*	92,466	92,466	100	95.72
Dongpo District, Meishan	*(f)*	97,809	97,809	84.76	58.75
Chengmai District, Hainan	*(g)*	48,702	48,702	96.77	79.30
Ke'erqin District, Tongliao	*(h)*	30,780	30,780	50.92	74.24
Taicang City, Jiangsu	*(i)*	129,887	–	–	–
Jiaozhou City, Qingdao	*(j)*	145,170	–	–	–
		1,420,479	788,396		

* *A joint venture of the Group.*

\# *The Group has intention to sell the projects, which were therefore classified as held for sale. Please refer to the Company's announcements dated 4 September 2019, 10 September 2019 and 29 October 2019 for details.*

(a) Majuqiao Logistics Park is the largest investment project to be developed and operated by Beijing Inland Port Co., Ltd. ("BIPL") and the Group. It will become one of the largest comprehensive logistics parks in northern China upon completion. The whole project will be completed in five phases. BIPL obtained the land lots for Phase I and Phase II of this project on 3 November 2015. Construction works of Phase I started on 19 September 2016 while that of land lot I and land lots II & III of Phase II started on 28 February 2017 and in April 2018, respectively. The land lot of Phase I was completed in September 2018, and the total rentable area of 147,849 sq.m. of this lot has been delivered to customers for use with an occupancy rate of 100%. Land lot I of Phase II, which has a total rentable area of 84,535 sq.m., also commenced operation in November in the same year and achieved full occupancy. The construction of land lots II & III of Phase II have been completed at the end of 2019. Approximately 70% of the total rentable area of 79,044 sq.m. of these lots has already been leased to customers in 2020. Once the construction works are completed, full occupancy can be expected. Furthermore, the Group obtained the land lot for Phase III on 12 May 2017 at the minimum bidding price of RMB620 million. After obtaining the Construction Registration Certificate in late 2018, the Group has satisfied all construction requirements and commenced construction works in March 2019. As at the date hereof, the structures on ground level are completed. The commercial area under development is expected to reach 88,075 sq.m., and the construction works are expected to be completed in the fourth quarter of 2021. The Group also strives to expedite the preliminary application process of Phases IV and V. The whole project will have a total rentable area of approximately 589,410 sq.m. upon completion.

(b) The expansion of the Shanghai Free-Trade Zone and the integrated development of Yangtze River Delta have gradually ended the monopoly of the port of Shanghai in 2019. On the other hand, economic restructuring and the escalating US-China trade war led to the shrinkage and relocation of upstream production businesses on the international logistics chain. In view of the economic contraction, our existing tenants are pursuing breakthrough and transformation by gradually spreading out to central and western China as well as Southeast Asia. Notwithstanding the blow received by traditional international trade, our Shanghai warehouse sincerely retained existing customers, supported their operations and secured the renewal of leases with them by taking good care of its customers, providing solutions to their problems by fully utilising its own resources, and strengthening its strategic cooperation with local park management. Average occupancy rates for 2018 and 2019 were 76.30% and 76.50%, respectively.

(c) Our warehouse in Tianjin (Tianjin Airport Economic Area) remains the only warehouse supervised by the customs within the Tianjin Binhai International Airport area. The unique location allows the warehouse to maintain a stable occupancy rate. Within the warehouse, Phases I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") are fully rented by SF Express with the occupancy rate remaining at 100% every year. The average occupancy rate of the warehouse of Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics") also reached 87.25% in 2019.

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

(e) The Group operates five warehouses and two auxiliary buildings in Xiamen City, Fujian Province with a total rentable area of 92,466 sq.m. These warehouses have been leased to a major player in the e-commerce industry of China, while the auxiliary buildings are rented by a local industrial company. Full occupancy has been achieved and maintained between May 2018 and December 2019.

(f) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total rentable area of approximately 97,809 sq.m. The average occupancy rate was 58.75% in 2018 and has increased to 84.76% in 2019.

(g) The Group operates two warehouses in Chengmai County, Haikou City of Hainan Province with a total rentable area of 48,702 sq.m. The average occupancy rate was approximately 79.30% in 2018 and has increased to 96.77% in 2019 following the signing of new lease contracts with a major e-commerce company and a well-known logistics company in 2019.

(h) The Group's project in Tongliao is situated in a prime location at the heart of the city with great accessibility as well as comprehensive and mature commercial infrastructure. Apart from continuing the lease of the existing warehouses, the Group may also consider to redevelop the land with its business partners for other purposes.

(i) The Sin-Den project in Taicang City, Jiangsu Province will consist of 2-story high-end modern general warehouses with an expected gross floor area of approximately 150,524 sq.m. and a rentable area of approximately 129,887 sq.m. The acquisition of the land was completed in September 2017. Construction commenced in late 2018 and is expected to be completed in September 2020. The Group believes that as the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. It is believed that with its prime location, this project will be leased out and will generate revenue and profit as soon as its development has been completed in the future.

(j) In March 2019, the Group has acquired a piece of land located on the west side of Jiaoda Avenue and the south side of Taohe Road in Jiaozhou Economic and Technological Development Zone, Qingdao. The total area of the land is approximately 113,428 sq.m. This project enjoys a convenient location near Jiaozhou Bay Expressway, and is only 16 km from Jiaozhou's airport, which will commence operation in the near future. Under this project, three 2-story general warehouses and one multistory cold storage in line with international standards are planned. The gross floor area is approximately 155,400 sq.m. and the rentable area is approximately 145,170 sq.m. with a total investment amount of approximately RMB650 million. Construction commenced in October 2019 and is expected to be completed by the end of 2021.

2) Cold Chain Logistics Warehouses and Trading Business

Another development focus of the Group is to establish nationwide cold chain logistics facilities, and, on such basis, further expand its cold chain business to connect both up and down streams. The cold chain business developed by the Group mainly provides integrated logistics services for high-value imported meat and aquatic products. With the rise of China's middle-class society, the demand for quality food is growing rapidly every year. However, due to the lack of reform in the industry for some time in the past, the cold chain industry in China remains subject to high input and low digitalisation, and recorded a slow growth. Hence, no leading enterprises have emerged in the industry. This presents the Group with a great opportunity for development. The Group's cold chain business has rolled out international trade service, cold chain storage service and electronic business system development service for frozen products. Its strategic objective is to establish the best comprehensive cold chain industry service platform in the PRC to save costs and increase revenue for its customers by making full use of information technologies while eliminating financial risk of financial institutions by realising full control over inventories, information and funds along the whole chain.

Details of the current status of the cold storage business are as follows:

Warehouse location	Notes	Planned and owned area (ton)	Operating rentable storage capacity (ton)	Average occupancy rate for the year ended 31 December 2019 (%)	2018 (%)
Hangu District, Tianjin	*(a)*	80,000	45,000	80.04	82.76
Chengyang District, Qingdao	*(b)*	8,000	8,000	45.92	42.78
Tianjin Port Area of Tianjin Free-Trade Zone	*(c)*	45,000	–	–	–
		133,000	53,000		

(a) Our Tianjin warehouse is positioned to serve as a cold chain logistics hub and a processing and distribution centre for aquatic products in northern China. Occupying an area of approximately 31,301 sq.m., Phase I has both cold chain storage space and freezer with a total storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval and preliminary work is in progress. It is expected to complete construction and be put into operation in 2021. When operation commences, the total storage capacity of the Tianjin cold chain warehouse will reach 80,000 tons, thereby creating a comprehensive distribution centre that encompasses cold chain storage, light processing, showroom and cold chain delivery services. As of December 2019, the cold chain warehouse of Phase I maintained full occupancy, while the freezer has not been fully occupied due to a relatively lower market demand. As a result, the combined average occupancy rate of the cold chain storage space and freezer was 80.04%, with a total of 262 customers. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

(b) Our Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in Chengyang District of Qingdao, China. The site area and storage capacity of Phase I of this project are approximately 15,352 sq.m. and 8,000 tons, respectively. Phase II is in the planning stage and no planned capacity have been set. In the second quarter, 3 new customers were introduced through successful business promotion, resulting in a significant growth in occupancy rate. However, due to the seasonal nature of the business and relatively high delivery needs during festivals in the second half of the year, the occupancy rate fluctuated from time to time throughout the year. Capitalising on the cold chain platform, the Qingdao cold chain warehouse has commenced its international trade cold storage service to diversify its customer base and to increase its occupancy rate.

(c) Tianjin Beijing Inland Port Co., Ltd. ("Tianjin Port") is a joint venture established and held by the Group and Tianjin Port Group as to 50% each. The land of this project was obtained in February 2017, and various tasks before the commencement of construction have been launched simultaneously. Relevant procedures are being pushed through with the aim of meeting all construction requirements by the second half of 2020. The planned gross floor area is approximately 55,000 sq.m. with a total investment amount of approximately RMB590 million.

In terms of overall development, the cold chain business realised a turnover of RMB253.76 million with frozen product contracts amounting to US$54.48 million being signed during 2019. Driven by the trading business, CCII Frozen Product Industry Integration Service Platform (www.cciinet.cn), our service and trading platform on trial, is constantly improving. The core of this platform, the "Frozen Products Trading Port（凍品交易港）", has executed experimental online transactions while the corresponding mobile app has been launched. Meanwhile, we have commenced in-depth strategic cooperation with various enterprises in all segments of the cold chain. Due to the relatively large amount of investment required by cold storage development, apart from the existing Tianjin and Qingdao projects, services will be provided through cold storage partners at different locations at the present stage. Cooperation agreements have been reached with cold storage partners in, among other places, Dalian Bonded Logistics Park, Dalian Economic and Technological Development Zone, Fengxian District in Shanghai, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Zhanjiang City in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is taking shape. Current third-party cold chain logistics service partners include the cold chain branch of JD Logistics and SF Express. Overseas logistics service providers such as Kuehne-Nagel will be enlisted soon. Supported by the recently launched international trade services and a newly developed digital system, an integrated service platform featuring the most comprehensive services and state-of-the-art technologies within the Chinese cold product industry will be established.

3) Industrial Properties

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

Project location		Planned and owned area	Operating rentable area	Average occupancy rate for the year ended 31 December 2019	2018
	Notes	*(sq.m)*	*(sq.m)*	*(%)*	*(%)*
Taicang City, Jiangsu	*(a)*	66,015	66,015	100	100
Suzhou City, Jiangsu	*(b)*	61,714	–	–	–
Jiaxing City, Zhejiang	*(c)*	90,113	90,113	12.89	–
Changshu City, Jiangsu	*(d)*	169,687	169,687	21.09	–
Changzhou City, Jiangsu	*(e)*	489,340	–	–	–
		876,869	325,815		

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

(b) The land use right certificate of this project was obtained in May 2017, and its construction commenced in December 2018 and is expected to be completed in April 2020. Business promotion work is actively underway. A German new energy vehicle company has expressed its intention to move into the property. This project is situated at a prime location with great accessibility and enjoys comprehensive local government funds and policies supporting industrial development.

(c) The land use right certificate of this project was obtained in April 2017. The project has a gross floor area of 94,455 sq.m., and was completed in May 2019. Business promotion work is actively underway. As at 31 December 2019, the average occupancy rate was 12.89%. The project is in a location adjacent to Shanghai and has great accessibility. The local government provides strong support to the manufacturing industry with comprehensive industry support funds and policies in place. The concentration of European and American high-end manufacturing enterprises has generated economies of scale. Standard, high-end and customised plants have been constructed.

(d) The land use right certificate of this project was obtained in June 2016. The project has a gross floor area of 173,739 sq.m., and was completed in May 2019. Business promotion work is actively underway. As at 31 December 2019, the average occupancy rate was 21.09%. The project is in a prime location with well-planned facilities in the surrounding area. It has good accessibility in proximity to the expressway network and enjoys extensive high-quality local labour resources and ancillary facilities.

(e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou City, Jiangsu Province in January 2018. The project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 477,579 sq.m. With a total investment amount of approximately RMB2 billion, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed in or around March 2022, and the construction of Phase II is expected to commence in the third quarter of 2020 and be completed in or around the second quarter of 2022. A part of the gross floor area will be sold to speed up cash recovery. The project will be the first internet economic platform cluster in Tianning District, Changzhou City and will facilitate collective innovation and sustainable development of Internet+ businesses with "intelligence sharing + smart manufacturing + smart products" by integrating three core concepts, namely smart manufacturing, smart technology and smart design. It will also perform commercial, leisure and other urban functions so as to transform Jiangsu Sunan Zhicheng Technology Park into an industrial park that combine industry, city, the Internet and intelligence. The park has already signed up with Changzhou Videoworks Technology Co., Ltd.（常州網博視界科技股份有限公司）, an internet+industry high-tech enterprise, to jointly develop the "future video production base of China". The project is put on the list of key projects in Jiangsu Province in early 2020 with the official plaque to be granted in the second quarter of 2020. It was also granted the major investment project award by Tianning District, Changzhou City. In addition, the Company further acquired a piece of land with an area of 5,197 sq.m. in Changzhou City in early 2019 to be develop into a commercial centre with three levels above ground and one level of basement. The plan and design of this project are basically confirmed.

Having accumulated a certain amount of experience in the investment, development and management of industrial properties, the Group is contemplating a transformation of its industry property segment. On top of asset-heavy investments and disinvestment, we will bring sustainability elements to the segment. The industrial property team of the Group has built up a brand of industrial property management and will step up cooperation with more partners, particularly local governments in the Yangtze River Delta, to provide management services in relation to project investment, design, construction, promotion and divestment in order to diversify our business and income. Meanwhile, the Group will adopt the same strategy as our logistics assets, which is to sell mature projects at reasonable prices and to realise the strategic goals of debt reduction, reinvestment and distribution.

4) Belt & Road Initiative

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

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

The Group believes that thanks to the stable and amicable long-term relation between China and Cambodia, as well as its effective control on land acquisition costs, the sale of such land will create fruitful returns for the Group in the future. Currently the overall project planning has been completed. The whole project will be developed in phases and funds for the development will be obtained on a rolling basis by profits from land transfers and borrowings from financial institutions. It is not expected to bring too much financial pressure to the Group.

5) Specialised Wholesale Market

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng") has been approved to establish a modern agricultural wholesale market project including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesaling centre for agricultural products serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq.m. and was put into operation in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq.m., and were put into operation in November 2017. Lot III is at the stage of design drawing optimization. As at 31 December 2019, the market, including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone, had a rentable area of 162,742 sq.m. The average occupancy rate of the existing area for the year 2019 was 51.09%, representing a stable growth from 48.72% for the last year.

6) Commercial Properties

(a) Guangzhou Guangming Real Estates Co., Ltd. ("Guangzhou Guangming") owns 99% interest in Metro Mall. The mall is situated in the Beijing Road shopping area, Yuexiu District of Guangzhou City in China. Metro Mall has a gross floor area of approximately 61,967 sq.m. and is an 11-story shopping centre offering one-stop dining, entertainment, shopping and cultural experience to customers. The average occupancy rate of the existing area for the year 2019 was approximately 90.42%.

(b) Holiday Inn Downtown Beijing Company Limited ("BJ Holiday Inn") is a wholly-owned subsidiary of the Group and the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travellers in North Lishi Road (near Financial Street, Xicheng District), Beijing. The average occupancy rate for year 2019 was approximately 81.99%. In spite of its constant leadership in terms of occupancy rates among Holiday Inns in Beijing, this hotel contributed limited profit to the Group due to the nature of the industry. Therefore, BJ Holiday Inn entered into an agreement on 12 November 2019 to hand over the operation of the hotel to SinoHome Healthcare Holding Co., Ltd.*（北京首厚康健養老企業管理有限公司）. The hotel has discontinued its operation and was redecorated in the first quarter of 2020. Net profit of the Group under the operation agreement will increase significantly.

* *For identification purpose only*

7) Beijing Enterprises City Investment Holdings Group Co., Ltd. ("BE City Investment"): On 13 November 2017, the Group and certain strategic investors and a management team jointly established BE City Investment, 35% equity interest of which is held by the Group as the single largest shareholder. BE City Investment is a mixed investment holding group dominated by state-owned capital. With the core objective of investing in and consolidation of urban land resources and improving their values, BE City Investment is positioned to invest in and operate new urban infrastructures, introduce urban infrastructures and industries, and build a new industry-city integration investment operator and an integrated urban public service provider. Its principal activities cover the comprehensive investment in and development of industry-city integrated urban land projects; the comprehensive investment in and operation of old district redevelopment and urban renewal projects amid the in-depth urbanization process; and the development, construction and operation of unique towns based on cultural tourism, healthcare nursing and other business models in suburban areas around China's core cities. During 2019, BE City Investment actively established footholds in key areas under China's strategic plans, and made full use of the comprehensive strengths of its shareholders in general municipal planning, business integration, financing and technical innovations. After more than a year's planning, it has primarily created a nation-wide business model based on the development of industry-city integrated areas and the renewal of core cities, and won the contracts to carry out the largest redevelopment project for old towns, old factories and old villages in Foshan, which is a core city in the Greater Bay Area, as well as a project in relation to the comprehensive development of an industry-city integrated area in Panlong District, Kunming, which is a major city along China's "Belt and Road" initiative. With the vigorous development of this business model, the scale of operation is also expanding. Building on its projects on hand, this company will establish itself as a leading and unique comprehensive urban operation and investment group in China and realise profits from its developments as soon as possible so as to contribute considerable returns on investment to the Group.

BUSINESS PROSPECTS

Since our formation, the Group has invested in residential, commercial, logistics and industrial property projects. After ten years of hard work and efforts to develop in these industries, the current layout of the Group extends across logistics property businesses in northern, eastern and southern China. Through in-depth cooperation with local governments, enterprises and industry players, we have actively implemented our overall strategy. Meanwhile, the Group continued to explore business models and establish a leading comprehensive frozen product cold chain service platform in China with the help of technologies by consolidating its existing cold chain logistics facilities and resources. This platform will offer solutions to the scale and technological development of the industry and formulate a profit model comprising commission incomes from different services. We entered into several strategic cooperation agreements with Sinotrans, JD Logistics and SF Express between July and August 2019 to provide customers with quality guarantee in terms of cold delivery service. Amid severe market competition, the Group possesses unique strengths, which are mainly reflected in the following ways: as a state-owned enterprise, we enjoy advantages in accessibility to land and can thus overcome the difficulty of obtaining land; we have a stable customer base that includes sizable enterprises from diversified sectors, such as Kerry Logistics, MOL Logistics, Nippon Express, Sinotrans, SF Express, JD.com etc. To the Group, these stable customer relations represent valuable assets and provide potential tenants to new projects. In addition, we have an experienced management team, which allows us to proactively study trends, capture market opportunities and maximise the Group's competitive strengths.

The Group will keep abreast of national policies and seize development opportunities in a timely manner to further improve the strategic layout of its logistics property, industrial property and cold chain businesses across the country. We will also proactively respond to the Belt and Road initiative to expand overseas business, implement our business model that comprises the "financing, investment, management and disinvestment" stages, and actively promote asset-light development at a time of prudent operation. At the same time, we will utilise existing resources and assets to foster new sources of profit growth, achieve diversified business revenue streams, and promote the sound development of our company.

The Group has never deviated from its positioning as a professional property developer. In previous years, we have proactively invested in and nurtured quality assets on hand, and has officially started to disinvest certain projects in this year so as to complete our whole business cycle, in which profit can be realised and productive capital flows can be created, and lay the solid foundation of our long-term growth. Although the first stage of development requires longer time, our projects have gradually accumulated a noticeable aggregate value thanks to the large number of quality projects obtained over the years. It is expected that the development cycle of the Group will accelerate in coming years, thereby allowing us to achieve sustainable profit and step up our engagement in the logistics property, industrial property, cold chain and primary land development industries. The Group is confident that it can deliver satisfactory returns to each of our stakeholders.

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of business tax) for the year ended 31 December 2019 amounted to approximately HK$692.66 million, representing an increase of approximately HK$211.95 million or 44.09%, from approximately HK$480.71 million for the year ended 31 December 2018. The gross profit for the year ended 31 December 2019 amounted to approximately HK$312.88 million, representing a decrease of approximately HK$12.15 million, or 3.74% from approximately HK$325.03 million for the year ended 31 December 2018.

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

	2019		2018		Change	
Name of assets	**Revenue**	**GP Margin**	Revenue	GP Margin	Revenue	GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
High-end and modern general warehouses						
Shanghai	**85,250**		87,497		(2,247)	
Tianjin	**33,271**		34,287		(1,016)	
Xiamen	**30,360**		31,509		(1,149)	
Meishan	**14,470**		14,971		(501)	
Hainan	**15,203**		15,126		77	
Tongliao	**2,433**		3,062		(629)	
	180,987	**93.07**	186,452	91.57	(5,465)	1.5
Cold chain logistics warehouses						
Tianjin	**38,144**		30,922		7,222	
Qingdao	**2,432**		2,212		220	
	40,576	**53.25**	33,134	30.72	7,442	22.53
Trading business						
Hong Kong	**6,872**		–		6,872	
Beijing	**280,985**		–		280,985	
	287,857	**0.32**	–	–	287,857	0.32
Specialised wholesale markets						
Quzhou Tongcheng	**22,733**	**59.20**	20,067	52.92	2,666	6.28
Industrial properties						
Zhejiang	**24,345**		20,121		4,224	
Jiangsu	**3,513**		–		3,513	
	27,858	**87.59**	20,121	93.85	7,737	(6.26)
Commercial properties						
Guangzhou	**38,837**		45,295		(6,458)	
Beijing	**93,809**		97,636		(3,827)	
	132,646	**63.36**	142,931	64.90	(10,285)	(1.54)
Primary land development business						
Zhong Jian Jin Bian	**–**	**–**	78,000	28.00	(78,000)	(28.00)
The Group	**692,657**	**45.17**	480,705	67.61	211,952	(22.44)

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2019 amounted to approximately HK$180.99 million, representing a decrease of approximately HK$5.46 million or 2.93% from approximately HK$186.45 million for the year ended 31 December 2018. The decrease was primarily attributable to the decrease in average occupancy rate of Tianjin and Tongliao warehouse. The gross profit margin slightly increased from approximately 91.57% for the year ended 31 December 2018 to approximately 93.07% for the year ended 31 December 2019.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2019 amounted to approximately HK$40.58 million, representing an increase of approximately HK$7.45 million or 22.49% from approximately HK$33.13 million for the year ended 31 December 2018. The increase was primarily attributable to the increase in inventory turnover rate which in turn increase the value-added service income.

Trading business

The revenue contribution of trading business for the year ended 31 December 2019 amounted to approximately HK$287.86 million. The gross profit margin was 0.32% for the year ended 31 December 2019. The low profit margin was due to commencement of the new business during the year.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2019 amounted to approximately HK$22.73 million, representing an increase of approximately HK$2.66 million, or 13.25%, from approximately HK$20.07 million for the year ended 31 December 2018. The increase in revenue was attributable to the increase in average occupancy rate during the year.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2019 amounted to approximately HK$27.86 million, representing an increase of approximately HK$7.74 million or 38.47% from approximately HK$20.12 million for the year ended 31 December 2018. The sharp increase was attributable to the completion of Changshu project in Jiangsu Province and Jiaxing project in Zhejiang Province during the year.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2019 amounted to approximately HK$132.65 million, representing a decrease of approximately HK$10.28 million or 7.19% from approximately HK$142.93 million for the year ended 31 December 2018. The decrease was primarily attributable to the decrease of the average room occupancy rate of the hotel located in Beijing due to kick off of redecoration plan. The gross profit margin slightly decreased from approximately 64.90% for the year ended 31 December 2018 to approximately 63.36% for the year ended 31 December 2019.

Changes in fair value of investment properties, net

For the year ended 31 December 2019, net fair value gain of investment properties was approximately HK$163.04 million, the gain was mainly attributable to the fair value increment of properties located in the Quzhou, Jiangsu and Zhejiang. The increase mainly from the construction in progress turn to investment properties this year.

Other income and gains, net

For the year ended 31 December 2019, net other income and gains were approximately HK$112.80 million, which represented a decrease of approximately HK$10.43 million, or 8.46%, from approximately HK$123.23 million for the year ended 31 December 2018. The decrease in net other income and gains was primarily related to the decrease in fair value gain of a derivative financial instrument.

Selling and distribution expenses

For the year ended 31 December 2019, selling and distribution expenses were approximately HK$15 million, which represented a decrease of approximately HK$0.98 million, or 6.13%, from approximately HK$15.98 million for the year ended 31 December 2018.

Administrative expenses

For the year ended 31 December 2019, administrative expenses were approximately HK$229.81 million, which represented a decrease of approximately HK$9.46 million, or 3.95%, from approximately HK$239.27 million for the year ended 31 December 2018. The decrease in administrative expenses was primarily related to staff costs and overseas travelling expenses as the Company is carrying cost control during the year.

Other expenses

For the year ended 31 December 2019, other expenses were approximately HK$96.00 million, which represented an increase of approximately HK$58.40 million, or 155.32%, from approximately HK$37.60 million for the year ended 31 December 2018. The increase in other expenses was primarily related to the impairment of an associate of HK$77.89 million.

Finance costs

For the year ended 31 December 2019, finance costs were approximately HK$498.64 million, representing an increase of approximately HK$8.28 million, or 1.69%, from approximately HK$490.36 million for the year ended 31 December 2018. The increase in finance costs was mainly due to the net effect of the interest on bank and other loans of approximately HK$191.02 million (2018: approximately HK$161.23 million) and the interest on USD guaranteed bonds of approximately HK$307.62 million (2018: approximately HK$329.13 million).

Share of profits of joint ventures

For the year ended 31 December 2019, the share of profits of joint ventures of approximately HK$82.57 million was mainly contributed by BIPL. The decrease in sharing profits of joint ventures for 2019 compared to 2018 was primarily related to the decrease in fair value increment in investment properties of BIPL.

Share of profits and losses of associates

For the year ended 31 December 2019, the share of losses of associates of approximately HK$99.89 million was mainly contributed by share the results of Beijing Enterprises Medical and Health Industry Group Limited ("BE M&H"), a listed company on The Stock Exchange of Hong Kong Limited and BE City Investment.

Income tax expense

Income tax expense for year ended 31 December 2019 included current income tax of HK$36.84 million. Deferred tax expense for the year ended 31 December 2019 was HK$112.20 million which arose from the change in the fair value of investment properties.

Investment properties

Investment properties decreased by approximately HK$1,757.62 million, which was mainly due to the net effect of (i) the construction of warehouse for logistics and industrial property business of HK$739.48 million; (ii) the increase in fair value of HK$163.04 million for the year ended 31 December 2019; and (iii) the transfer of HK$2,435.19 million to assets of disposal group classified as held for sale.

Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business. The decrease in balance was mainly due to the transfer of goodwill to assets of disposal group classified as held for sale.

Interests in joint ventures

Interests in joint ventures increased by approximately HK$20.23 million, which was mainly due to the net effect of (i) share of profits of HK$82.57 million for the year ended 31 December 2019; (ii) capital injection to BIPL of HK$116.76 million; (iii) acquisition of Beijing BHL Logistics Limited ("BBHL Logistics") of HK$82.91 million; and (iv) repayment of loans granted to BIPL of HK$201.89 million.

Investments in associates

Investments in associates decreased by approximately HK$193.13 million, mainly due to (i) share of losses of HK$99.89 million for the year ended 31 December 2019; and (ii) impairment loss on investment in BE M&H of HK$77.89 million.

Equity investment at fair value through other comprehensive income

Equity investment decreased by approximately HK$17.44 million, which was due to the drop in closing market price as at 31 December 2019 of CAQ comparing to the last year. As at 31 December 2019, the closing market price of CAQ quoted on Australian Securities Exchange was A$0.009 and the fair value of 108,628,000 shares of CAQ held by the Company was A$0.98 million (equivalent to approximately HK$5.35 million) which was recognised in the consolidated financial statements of the Group.

Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia and Jiangsu for the primary land development business and industrial property business, respectively. The increase in balance was mainly due to construction progress in Jiangsu during the year.

Cash and cash equivalents (including restricted cash)

Cash and cash equivalents decreased by HK$812.31 million, mainly due to the net effect of (i) refund of deposit received for setting up a fund of HK$625.96 million; (ii) capital injection to BIPL of HK$116.76 million; (iii) repayment of loans from BIPL of HK$327.83 million; (iv) net bank and other loans of HK$149.91 million drawn; (v) funding from BBHL Logistics of HK$197.78 million; (vi) addition of investment properties of HK$741.51 million; and (vii) acquisition of BBHL Logistics of HK$82.91 million.

Held for sale

Held for sale represented assets and liabilities from (i) Advance Wit Group, (ii) Superior Gain Group, (iii) Hong Heng Group and Integral Success and (iv) Fubao Global Group and Power Deal Group (the "Disposal Group"). The Disposal Group is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. Up to the date of this announcement, the transaction has not been completed. Therefore, the assets and liabilities from the Disposal Group are classified into held for sale as at 31 December 2019. For more details, please refer to the Company's announcements dated 4 September 2019, 10 September 2019 and 29 October 2019.

Due to other related parties

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

Bank and other borrowings

Bank and other borrowings increased by HK$149.91 million (non-current portion decreased by HK$990.37 million and current portion increased by HK$1,140.28 million), mainly due to the net effect of utilising to finance for the construction of projects in the PRC.

Guaranteed bonds

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

Liquidity and financial resources

As at 31 December 2019, for accounting purposes, the Group had total borrowings of approximately HK$7,936.10 million (31 December 2018: approximately HK$7,756.03 million) which included: (i) approximately HK$3,659.91 million from bank and other borrowings; and (ii) approximately HK$4,276.19 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 133.69% (31 December 2018: approximately 90.34%).

As at 31 December 2019, the Group's balance of bank and other borrowings amounted to approximately HK$3,659.91 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 46.65%, 19.46% and 33.89%, respectively. 61.63% of these bank and other borrowings was repayable less than one year. As at 31 December 2019, the Group's cash and bank balances amounted to approximately HK$1,008.05 million, which were denominated in USD, HK$ and RMB as to 35.38%, 4.37% and 60.25%, respectively. Bank and other borrowings of an aggregate amount of HK$3,659.91 million bear interest at floating rates, the USD guaranteed bonds issued in March 2017 and August 2018 bear coupon rates of 4.375% and 9.00% per annum, respectively. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2019, the Group's current ratio and quick ratio were approximately 43.19% and 40.59%, respectively (31 December 2018: approximately 76.15% and 72.83%, respectively).

The net total borrowings of the Group as at 31 December 2019 (total borrowings less cash and cash equivalents and restricted cash) was HK$6,928.05 million (31 December 2018: HK$5,935.67 million), representing an increase of HK$992.38 million as compared to the previous year.

Contingent liabilities

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

Capital expenditures

For the year ended 31 December 2019, the Group spent approximately HK$746.78 million (For the year ended 31 December 2018: approximately HK$440.99 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2019, the Group had outstanding contracted capital commitments amounted to approximately HK$874.48 million in aggregate which comprised commitments for:

– the outstanding construction costs of approximately RMB673.28 million (equivalent to approximately HK$753.13 million) committed for warehouse facilities.

– the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$117.45 million) payable for BE City Investment.

– the outstanding capital injection of approximately USD500,000 (equivalent to approximately HK$3.9 million) payable for a joint venture.

Treasury policies

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

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK$ and USD. For the year ended 31 December 2019, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2019, the Group had following significant investments and acquisitions.

(a) Acquisition of 40% equity interest in BBHL Logistics

On 1 February 2019, Beijing Yun Zhong Management Consulting Co., Ltd (a wholly owned subsidiary of the Company) entered into an agreement with an independent third party, Riverside Investment Group Co. Ltd, to acquire 15% equity interest in BBHL Logistics, and Best Scope Global Limited (a wholly owned subsidiary of the Company) entered into an agreement with an independent third party, Hopeson Holdings Limited, to acquire 25% equity interest in BBHL Logistics at a total consideration of RMB70.86 million (equivalent to approximately HK$82.91 million).

The transaction has been completed during the year ended 31 December 2019. Further detail of the acquisition is set out in the Company's announcement dated 1 February 2019.

(b) Exercise of put option relating to interest in China Logistics Group

On 12 July 2019, the Company received the notice of put option from the Subscriber whereby the Company is required to purchase from the Subscriber the shares of China Logistics. The consideration of RMB1,176.22 million has been duly paid on 28 February 2020.

Charges on assets

As at 31 December 2019, the Group had bank loans with principal amounts of approximately HK$1,229.79 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2019, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2019, the Group had a total of 682 (2018: 616) employees. Total staff cost incurred for the year ended 31 December 2019 amounted to approximately HK$120.44 million (2018: approximately HK$126.48 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditor's report issued by the Group's independent auditor:

Opinion

We have audited the consolidated financial statements of Beijing Properties (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements which indicates that as at 31 December 2019, the Group had net current liabilities of HK$5.6 billion. This condition, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2019.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019, except as disclosed below.

Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. During the year, not all independent non-executive directors attended general meetings of the Company due to other business engagements, which deviates from code provision A.6.7.

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

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

AUDIT COMMITTEE

The audit committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls, risk management and financial reporting of the Group, including review of the audited results for the year ended 31 December 2019 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

For the year ended 31 December 2019, the audit committee members are all independent non-executive directors. Members of the audit committee are Mr. Goh Gen Cheung (Chairman), Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.bphl.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2019 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

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

By Order of the Board
Beijing Properties (Holdings) Limited
Cheng Ching Fu
Company Secretary

Hong Kong, 30 March 2020

As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Dong Qilin, Mr. Li Changfeng, Mr. Cheng Ching Fu, Mr. Yu Luning and Mr. Ng Kin Nam are the executive Directors; and Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming are the independent non-executive Directors.