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 2021

HIGHLIGHTS

Revenue increased by approximately HK$22.45 million to HK$710.82 million for the year ended 31 December 2021, representing an increase of approximately 3.26%, as compared to that of approximately HK$688.37 million for the year ended 31 December 2020.

Gross profit increased by approximately HK$101.41 million to HK$446.70 million for the year ended 31 December 2021, representing an increase of approximately 29.37%, as compared to that of approximately HK$345.29 million for the year ended 31 December 2020.

Consolidated loss attributable to shareholders of the Company for the year ended 31 December 2021 increased by approximately HK$103.35 million to HK$373.98 million, as compared to that of approximately HK$270.63 million for the year ended 31 December 2020.

Basic and diluted loss per share for the year were HK5.37 cents each.

Net assets value per share attributable to shareholders of the Company was approximately HK$0.49 as at 31 December 2021.

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 2021, together with comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*3*	**710,817**	688,365
Cost of sales and services		**(264,115)**	(343,077)
Gross profit		**446,702**	345,288
Changes in fair value of investment properties, net		**27,776**	508,507
Other income and gains, net	*4*	**41,706**	72,259
Selling and distribution expenses		**(6,218)**	(3,115)
Administrative expenses		**(191,103)**	(205,020)
Other expenses, net		**(14,477)**	(19,423)
Finance costs	*5*	**(597,824)**	(610,127)
Share of profits and losses of:			
Joint ventures		**73,764**	(17,632)
Associates		**(36,734)**	(38,769)
PROFIT/(LOSS) BEFORE TAX	*6*	**(256,408)**	31,968
Income tax	*7*	**(78,868)**	(133,259)
LOSS FOR THE YEAR		**(335,276)**	(101,291)
Attributable to:			
Shareholders of the Company		**(373,982)**	(270,634)
Non-controlling interests		**38,706**	169,343
		(335,276)	(101,291)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted		**(HK5.37 cents)**	(HK3.88 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 *HK$'000*	2020 *HK$'000*
LOSS FOR THE YEAR	**(335,276)**	(101,291)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
— Exchange differences on translation of foreign operations	**252,065**	511,766
— Share of other comprehensive income of:		
Joint ventures	**45,123**	70,800
Associates	**5,536**	16,437
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**302,724**	599,003
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	**(3,320)**	11,499
— Actuarial losses of defined benefit plans	**(1,011)**	(79)
— Revaluation loss on transfer of property, plant and equipment to investment property	**–**	(9,743)
— Share of other comprehensive loss of:		
Joint ventures	**–**	(7,314)
Associates	**(156)**	(1,904)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(4,487)**	(7,541)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX OF NIL	**298,237**	591,462
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(37,039)**	490,171
Attributable to:		
Shareholders of the Company	**(100,610)**	278,124
Non-controlling interests	**63,571**	212,047
	(37,039)	490,171

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**548,951**	549,002
Investment properties		**8,465,009**	7,500,679
Right-of-use assets		**75,293**	76,594
Goodwill		**172,401**	123,022
Interests in joint ventures		**236,283**	1,911,166
Interests in associates		**676,785**	677,305
Equity investments at fair value through other comprehensive income		**20,881**	23,971
Prepayments, other receivables and other assets		**10,358**	9,768
Land held for development or sale		**4,159,955**	5,179,078
Pledged and restricted bank deposits		**987**	6,132
Total non-current assets		**14,366,903**	16,056,717
CURRENT ASSETS			
Properties under development for sale		**1,811,752**	–
Properties held for sale		**99,083**	95,988
Inventories		**68,498**	8,412
Trade receivables	*10*	**90,522**	51,694
Prepayments, other receivables and other assets		**240,818**	224,053
Due from joint ventures		**57,841**	109,692
Pledged and restricted bank deposits		**99,973**	16,608
Cash and cash equivalents		**1,087,321**	743,910
		3,555,808	1,250,357
Assets of disposal groups classified as held for sale		**4,099,819**	2,854,199
Total current assets		**7,655,627**	4,104,556
CURRENT LIABILITIES			
Trade payables	*11*	**661,193**	342,199
Other payables and accruals		**624,255**	570,952
Due to a joint venture		**–**	1,078
Due to other related parties		**542,291**	17,701
Bank and other borrowings		**2,364,872**	1,887,177
Income tax payables		**49,260**	46,980
Provision for compensation	*13*	**249,863**	240,242
		4,491,734	3,106,329
Liabilities directly associated with the assets of disposal groups classified as held for sale		**1,341,286**	845,512
Total current liabilities		**5,833,020**	3,951,841

	Notes	**2021** *HK$'000*	2020 *HK$'000*
NET CURRENT ASSETS		**1,822,607**	152,715
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,189,510**	16,209,432
NON-CURRENT LIABILITIES			
Due to a joint venture		**216,731**	209,961
Due to other related parties		**73,434**	189,392
Bank and other borrowings		**2,625,838**	2,700,687
Guaranteed bonds	*12*	**5,737,361**	5,794,046
Deferred revenue		**88,618**	135,314
Defined benefit obligations		**14,375**	13,858
Deferred tax liabilities		**1,781,466**	1,494,005
Total non-current liabilities		**10,537,823**	10,537,263
Net assets		**5,651,687**	5,672,169
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*14*	**696,933**	696,933
Reserves		**2,712,166**	2,791,325
		3,409,099	3,488,258
Non-controlling interests		**2,242,588**	2,183,911
Total equity		**5,651,687**	5,672,169

1.1 BASIS OF PRESENTATION

At 31 December 2021, notwithstanding that the Group had net current assets of HK$1.82 billion, which included the net assets of disposal groups classified as held for sale of HK$2.76 billion, there are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's guaranteed bonds of US$740 million (equivalent to HK$5.74 billion) will be due in February 2023.

In view of the above circumstances, the directors of the Company have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing for a period of not less than twelve months from the end of the reporting period, in assessing the Group's ability to operate as a going concern.

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which includes the major debt exposures namely the Group's existing guaranteed bonds being due in February 2023. They are of the opinion that, after taking into account the measures implemented or being implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due. The measures that the Group has implemented or is in the process of implementing are as follows:

(i) subsequent to the reporting period, in March 2022, in relation to the disposal of the Group's 90% equity interests of New Concord Properties Limited and New Fine International Development Limited, the Group obtained proceeds of HK$1.42 billion (equivalent to RMB1.16 billion) representing 85% of the total proceeds, while the remaining proceeds of approximately HK$248 million (equivalent to RMB202 million) will be obtained within 3 months after the completion of the anti-monopoly declaration to the relevant government authority by the buyer, which is scheduled to be completed in April 2022;

(ii) in addition to the aforesaid disposal, the Group is in the process of realising certain of its investments or properties to raise further funds. Further details in relation to certain of the planned disposals are disclosed in the Company's circular dated 3 March 2022 (the "Proposed Disposal"), and the Company's announcements dated 4 September 2019, 10 September 2019, 29 October 2019 and 18 March 2022 (the "China Logistics Disposal");

(iii) the Group plans to undertake a refinancing, including but not limited to the issuance of a new bond and obtaining additional new bank facilities, up to US$700 million (equivalent to HK$5.46 billion) before the existing guaranteed bonds being due in February 2023, or failing which, to further dispose of certain of the Group's properties, other than the disposals as set out in (i) and (ii), obtain the continual financial support and funding from Beijing Enterprises City Development Group Limited ("BE City"), the Company's intermediate holding company, and obtain a standby facility provided by Beijing Enterprises Group Company Limited ("BE Group"), the ultimate controlling shareholder of the Company, which can fully cover the existing guaranteed bond outstanding balance, in accordance with the keepwell and liquidity support deed dated 27 February 2020 (the "Keepwell Deed") signed between the Group and BE Group in connection with the issue of the Company's guaranteed bond in February 2020.

(iv) the Group is currently under negotiation with a bank to renew its existing bank loan with an outstanding amount of HK$164 million as at 31 December 2021.

(v) the Group has unutilised banking facilities of RMB694 million (equivalent to HK$851 million) as at 31 December 2021, which is restricted for the purpose of certain of the Group's project developments in the PRC; and

(vi) the Group will obtain a financial undertaking from BE City not to demand repayment of the amounts due to it until such time when the Group is in a position to repay without impairing its liquidity and financial position, and the continual financial support and funding from BE City.

Notwithstanding the above, whether the Group will be able to generate adequate cash flows to continue as a going concern would depend on (i) the successful refinancing before the existing guaranteed bonds being due and (ii) the completion of the Proposed Disposal, or failing which, the success in (iii) disposing of certain of the Group's properties, (iv) obtaining the continual financial support and funding from BE City, and (v) obtaining a standby facility from BE Group.

Should the aforesaid refinancing be delayed, and the Proposed Disposal be incomplete or the financial facility and undertaking from BE Group and BE City not be obtained, 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, equity investments 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 2021. 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 revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain bank and other borrowings, including the guaranteed bond, which were denominated in foreign currencies based on Interbank Offered Rate such as Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The Group has early adopted the amendment on 1 January 2021. However, the Group has not received Covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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 a health care property in Mainland China, and the provision of related management services;

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

(c) the industrial business segment engages in the leasing of industrial plants and the 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 foreign exchange differences, interest income and 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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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	**89,289**	67,691	**302,541**	256,697	**132,620**	69,538	**186,367**	294,439	**–**	–	**710,817**	688,365
Changes in fair value of investment properties, net	**(10,195)**	(26,532)	**30,323**	267,125	**7,648**	267,914	**–**	–	**–**	–	**27,776**	508,507
Segment results:												
The Group	**62,934**	(1,021)	**217,013**	405,432	**106,134**	309,486	**(8,336)**	(9,231)	**(1,490)**	(1,706)	**376,255**	702,960
Share of profits and losses of:												
Joint ventures	**–**	–	**73,764**	(17,632)	**–**	–	**–**	–	**–**	–	**73,764**	(17,632)
Associates	**(50,217)**	(26,758)	**–**	–	**–**	–	**–**	–	**13,483**	(12,011)	**(36,734)**	(38,769)
	12,717	(27,779)	**290,777**	387,800	**106,134**	309,486	**(8,336)**	(9,231)	**11,993**	(13,717)	**413,285**	646,559
Reconciliation:												
Foreign exchange differences, net											**9,976**	12,851
Bank interest income											**4,889**	16,727
Other interest income											**3,663**	4,817
Finance costs											**(597,824)**	(610,127)
Corporate and other unallocated income and expenses, net											**(90,397)**	(38,859)
Profit/(loss) before tax											**(256,408)**	31,968

	Properties business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information												
Depreciation of property, plant and equipment:												
Segment assets	**3,802**	12,358	**9,494**	11,242	**752**	489	**544**	490	**–**	–	**14,592**	24,579
Reconciliation:												
Corporate and other unallocated assets											**3,040**	2,872
											17,632	27,451
Depreciation of right-of-use assets	**1,994**	1,966	**1,014**	946	**–**	–	**–**	–	**–**	–	**3,008**	2,912
Provision for compensation, net	**7,308**	8,783	**–**	–	**–**	–	**–**	–	**–**	–	**7,308**	8,783
Interests in joint ventures*	**–**	–	**1,942,897**	1,809,837	**–**	–	**–**	–	**–**	–	**1,942,897**	1,809,837
Interests in associates	**384,000**	427,739	**–**	–	**–**	–	**–**	–	**292,785**	249,566	**676,785**	677,305
Capital expenditure#:												
Segment assets	**1,770**	1,979	**118,876**	272,397	**15,077**	2,765	**5,712**	47	**–**	–	**141,435**	277,188
Reconciliation:												
Corporate and other unallocated assets											**26**	1,018
											141,461	278,206

* *Interests in joint ventures included an amount of HK$1,706,614,000 (2020: Nil) associated with disposal group classified as held for sale as at 31 December 2021.*

\# *Capital expenditure consists of additions of items of property, plant and equipment, investment properties, and right-of-use assets.*

Geographical information

Revenue from external customers

	2021	2020
	HK$'000	*HK$'000*
Mainland China	**708,711**	642,793
Hong Kong	**2,106**	45,572
	710,817	688,365

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

Information about major customers

During the years ended 31 December 2021 and 2020, the Group had no single external customer which contributed over 10% of the Group's total revenue for that year.

3. REVENUE

An analysis of revenue by type of goods and services is as follows:

	2021	2020
	HK$'000	*HK$'000*
Logistics and other ancillary services	**77,244**	53,657
Property management fee	**47,492**	29,630
Sale of frozen products	**186,367**	294,439
Gross rental income	**399,714**	310,639
Total revenue	**710,817**	688,365

4. OTHER INCOME AND GAINS, NET

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

	2021	2020
	HK$'000	*HK$'000*
Other income		
Bank interest income	**4,889**	16,727
Other interest income	**3,663**	4,817
Government grants*	**8,432**	9,331
Others	**14,746**	28,533
	31,730	59,408
Gains, net		
Foreign exchange differences, net	**9,976**	12,851
Other income and gains, net	**41,706**	72,259

* *The government grants recognised during the years ended 31 December 2021 and 2020 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 items of property, plant and equipment in Mainland China, the PRC.*

5. FINANCE COSTS

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

	2021	2020
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**253,455**	210,795
Interest on loans from related parties	**1,220**	585
Interest on guaranteed bonds	**371,730**	411,473
Total finance costs	**626,405**	622,853
Less: Amount capitalised in investment properties under construction	**—**	(12,726)
Amount capitalised in properties under development for sale	**(28,581)**	—
	597,824	610,127

6. PROFIT/(LOSS) BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Direct cost of rental income	**25,580**	18,148
Cost of services provided	**58,015**	34,516
Cost of goods sold	**180,520**	290,413
Depreciation of property, plant and equipment	**17,632**	27,451
Less: Amount associated with disposal groups classified as held for sale	**(454)**	(323)
	17,178	27,128
Less: Amount included in cost of sales and services	**(8,893)**	(8,945)
	8,285	18,183
Depreciation of right-of-use assets	**3,008**	2,912
Lease payments that not included in the measurement of lease liabilities	**6,908**	7,869
Loss on disposal of items of property, plant and equipment*	**1,266**	2,073
Employee benefit expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**84,101**	93,808
Defined contribution scheme contributions	**19,898**	10,371
Cost of defined benefit plans	**409**	1,180
	104,408	105,359
Less: Amount included in cost of sales and services	**(13,694)**	(10,492)
	90,714	94,867
Provision for compensation, net*	**7,308**	8,783

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

7. INCOME TAX

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

	2021	2020
	HK$'000	*HK$'000*
Current — Hong Kong	**—**	—
Current — Mainland China		
Charge for the year	**19,244**	12,878
Withholding tax interest income from intercompany loans	**2,434**	7,465
Deferred	**57,190**	112,916
Total income tax expense for the year	**78,868**	133,259

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: 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 (2020: 6,969,331,680) ordinary shares in issue during the year.

In respect of the diluted loss per share amounts for the years ended 31 December 2021 and 2020, 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 centres and receivable from customers of trading business. The Group does not hold any collateral or other credit enhancement over its trade receivables, except for trade receivables in relation to rental income were fully collaterised 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 and net of loss allowance, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Billed:		
Within one month	**17,672**	17,683
One to three months	**3,690**	3,495
Over three months	**2,293**	947
	23,655	22,125
Unbilled	**66,867**	29,569
	90,522	51,694

At 31 December 2021, management estimated that the loss allowance was minimal (2020: HK$5,979,000), since there was no recent history of default and the trade receivables are secured by cash deposits from customers.

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:

	2021	2020
	HK$'000	*HK$'000*
Billed:		
Within one month	**443**	23,194
One to three months	**294**	8
Over three months	**265**	194
	1,002	23,396
Unbilled	**660,191**	318,803
	661,193	342,199

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

12. GUARANTEED BONDS

	2021	2020
	HK$'000	*HK$'000*
5.95% guaranteed bonds due 2023	**5,737,361**	5,794,046

Note:

The Group's guaranteed bonds as at 31 December 2021 and 2020 are denominated in US$ and guaranteed by the Company, and interest thereon are payable semi-annually in arrear.

The guaranteed bonds may be redeemed at the option of the Group in whole, but not in part, at any time, on giving not less than 30 nor more than 60 day's notice to the Bondholders (as defined in terms and conditions of the respective bonds)(which notice shall be irrevocable) and to the trustee and the principal agent in writing, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption). 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.

13. PROVISION FOR COMPENSATION

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**240,242**	221,878
Addition of provision	**7,308**	8,783
Settlement during the year	**(5,465)**	(4,336)
Exchange realignment	**7,778**	13,917
At 31 December	**249,863**	240,242

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.

In this regard, Guangzhou Guangming has since been in negotiation with certain local government authorities for an arrangement (the "Compensation Arrangement") to construct 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$249,863,000 (2020: HK$240,242,000) as at 31 December 2021.

14. SHARE CAPITAL

Shares

	2021	2020
	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 (2020: 6,969,331,680) ordinary shares of HK$0.10 each	**696,933**	696,933

15. CAPITAL COMMITMENTS

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

	2021	2020
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital injection into an associate	**128,708**	124,688
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities and industrial plants	**908,370**	643,119
Total capital commitments	**1,040,978**	771,707

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$19,526,000 (2020: HK$759,627,000) as at 31 December 2021.

16. EVENTS AFTER THE REPORTING PERIOD

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

(a) On 28 February 2022, the Group entered into a sale and purchase agreement with JD Oriental Development III Limited in relation to the proposed disposal of BIPL, pursuant to which the Group disposed of a total of 68.40% equity interest of BIPL at a final consideration of RMB1.362 billion, and the carrying amount of the 68.40% equity interest of BIPL held by the Group as at 31 December 2021 is approximately RMB1.262 billion. However, as the proposed disposal was effected shortly before the date of this announcement, the Group is not yet in a position to disclose the financial impact of the disposal. Further details are set out in the announcement of the Company dated 28 February 2022.

(b) On 23 March 2022, the Group has passed a shareholders' resolution to dispose of the equity interests of certain projects located in the PRC by way of public tender through China Beijing Equity Exchange. The public tender is undergoing and yet to complete up to the date of this announcement. Further details are set out in the circular of the Company dated 3 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2021, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$373.98 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$270.63 million recorded for the year ended 31 December 2020.

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 businesses such as logistics property, cold chain property, industrial property and commercial property, as well as primary land development. As a developer, our profit is primarily derived from profits from the disposal of projects.

The Group's business development model is divided into four stages, which are: financing — investment — cultivation and disposal. Due to relatively large upfront investment and that investment principal is mostly funded by loans, a high gearing ratio is an unavoidable phenomenon.

Since 2009, the Group has invested large capital sums in China and abroad to invest in and develop projects located in prime locations. Along with stable project income and the stable growth of Chinese economy, capital values of certain projects have grown at satisfactory rates, when compared to their primary inputs. The Group conducted in-depth exploration and attempts at the disposal of part of its logistics assets in 2019, and will continuously dispose of part of its logistics assets and industrial property assets in 2021, to complete the construction of the Group's entire business model. The disposal will recover a significant amount of funds for the Group, such that the goals of debt reduction, reinvestment and fund allocation in the Group's business model can be realised. The first batch of projects will be successfully realized in year 2022. Leveraging on its own strength as a state-owned enterprise, the Group will further purchase and develop land in prime locations, in order to further enhance our levels of participation in the logistics, industrial and cold chain industries, and at the same time, develop our asset-light business model by combining and finding a balance between asset-heavy and asset-light approaches, and further consolidate our long-term profitability and model of capital gains.

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

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, Haikou, Tongliao, Taicang and Qingdao. Their particulars are as follows:

Location of warehouses	Notes	Planned and owned area (sq. m.)	Operating leaseable area (sq. m.)	Average occupancy rate for the year ended 31 December 2021 (%)	2020 (%)
Tongzhou District, Beijing[Δ 1]	(a)	623,008	307,165	99.27	99.87
Pudong District, Shanghai[2]	(b)	211,555	211,555	53.96	62.50
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)[2]	(c)	57,670	57,670	92.82	92.25
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)[2]	(d)	16,083	16,083	100	100
Tong'an District, Xiamen[2]	(e)	92,466	92,466	92.10	100
Dongpo District, Meishan	(f)	97,809	97,809	65.92	56.42
Chengmai District, Hainan[2]	(g)	48,702	48,702	89.92	99.07
Ke'erqin District, Tongliao	(h)	31,113	31,113	71.02	61.40
Taicang, Jiangsu[3]	(i)	142,010	142,010	59.41	52.50
Jiaozhou, Qingdao[4]	(j)	145,170	—	—*	—*
		1,465,586	1,004,573		

Δ A joint venture of the Group

* Projects under construction

1. These projects have been classified as held for sale as the Group intends to dispose of these projects. For details, please refer to the announcement of the Company dated 28 February 2022.

2. The Group intends to dispose of these projects, for details, please refer to the announcement of the Company dated 18 March 2022.

3. These projects have been classified as held for sale as the Group intends to dispose of these projects. For details, please refer to the announcement dated 28 January 2022 and circular dated 3 March 2022 of the Company.

4. The Group intends to dispose of these projects, for details, please refer to the announcement of the Company dated 31 December 2021.

(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, the details of which are as follows: –

	Date of Land Acquisition	Commencement Date of the Construction	Completion Date of the Construction	Leaseable Area *(sq.m.)*	Occupancy Rate	Remark
Phase I	November 2015	September 2016	September 2018	147,849	98.69%	
Phase II						
Land lot I	November 2015	February 2017	November 2018	84,535	100.00%	
Land lot II	November 2015	April 2018	June 2020	50,085	100.00%	Delivered to customer for use, in July 2020
Land lot III	November 2015	April 2018	June 2020	24,696	98.75%	delivered to the partner in November 2020 in accordance with the joint venture agreement.
Phase III	December 2018	March 2019	Fourth quarter of 2021	125,936	—	Completed the roof-sealing work and secondary underground structure, and 95% of the secondary overground structure
Phase IV	—	—		74,835	—	Expediting the preliminary application process
Phase V	—	—		115,072	—	Expediting the preliminary application process
				623,008	99.27%	

On 28 February 2022, the Group entered Sale and Purchase Agreement with JD Oriental Development III Limited in relation to the proposed disposal of BIPL. Pursuant to which, the Group disposed a total of 68.40% equity interest of BIPL at a final consideration of RMB1.362 billion. For details, please refer to the announcement of the Company dated 28 February 2022.

(b) The uncertainty of the COVID-19 outbreak continuously had a negative impact on the bonded logistics market in Shanghai. In the face of severe situation of lease and market pressure, the Shanghai warehouse strengthened its communication with the existing tenants, actively carried out the lease renewal work, and made full use of its resources to assist the tenants in optimizing their business environment. It vigorously expanded new tenant resources to identify the intention of existing tenants to expand their lease. As at the end of 2021, the overall occupancy rate of the project was 52.80%. 22 Leases (excluding temporary leases), were renewed with a total leased area of 53,055.41 sq.m. One lease (excluding temporary lease) was expanded with a total leased area of 486.51 sq.m. The annual occupancy rate was relatively stable.

(c) Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics"), the Tianjin (Tianjin Airport Zone) warehouse is still the sole secondary warehouse supervised by Customs within the Tianjin Binhai International Airport area. The average occupancy rate of Phase I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") and WSL Logistics was 92.82% in 2021.

(d) Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. The project has a total land area of 30,003 sq.m. and a total gross floor area of 16,083 sq.m. Currently the project has been fully leased to Kerry EAS Logistics Limited Tianjin Branch and remained fully leased in 2021, with stable revenue.

(e) The Group operates five warehouses and two auxiliary buildings in Xiamen City, Fujian Province with a total leaseable area of 92,466 sq.m. As the original tenant vacated the warehouse due to their business adjustment, the warehouse was leased by two enterprises, which were well-known domestic e-commerce and warehouse distribution logistics companies, while the supporting rooms were leased by a local industrial company. As at the end of 2021, the occupancy rate of the project was 78.44%. For the remaining warehouse area, the Group is negotiating with potential customers. It is expected that all investment promotion will be completed by the first half of 2022, so that the warehouse will be fully leased.

(f) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leaseable area of approximately 97,809 sq.m. In June 2020, the occupancy rate of the Meishan project declined significantly, due to the surrender of leases by major customers upon expiry of the leases, the epidemic and fierce competition in surrounding markets. Through the unremitting efforts of the team, the occupancy rate of the project increased significantly from the end of 2020 and reached 54.42% by the end of 2021.

(g) The Group has two warehouses and complex dormitory buildings in Chengmai County, Haikou City, Hainan Province, with a total leaseable area of 48,702 sq.m. All enterprises which leased the properties were domestic large-scale e-commerce and well-known warehouse distribution logistics enterprises. The lease renewal was completed in 2021, with the occupancy rate of 70.47% by the end of 2021. For the remaining warehouse area, the Group is negotiating with potential customers. It is expected that all investment promotion will be completed by the first half of 2022, so that the warehouse will be fully leased.

(h) The Group's Tongliao project is leased out as a logistics warehousing facility before commercial development. The project is strategically situated at a convenient location in the downtown area of Tongliao City close to the high speed rail station, with well-developed commercial facilities in its proximity.

(i) The Sin-Den project in Jiangsu, Taicang City consists of 2-storeyed high-end modern general warehouses with a floor area of approximately 150,524 sq.m. and a total leaseable area of approximately 142,010 sq.m. The project was completed in November 2020. The occupancy rate as at the end of 2021 was 80.38%. As the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. With its prime location, it is expected to be fully leased as soon as possible.

(j) In March 2019, the Group has acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, along the west side of Jiaoda Avenue (交大大道) and the south side of Taohe Road (洮河路). The total area of the land is approximately 113,428 sq.m. The project enjoys a convenient location near the Jiaozhou Bay Express Highway (膠州灣高速) and Jiaozhou's airport, which is about to be put into operation. Under this project, three 2-storeyed general warehouses and one multistoried cold storage is planned to be constructed conforming with international standards. The total gross floor area is approximately 155,400 sq.m. and has a total leaseable area of approximately 145,170 sq.m., with a total investment amount of approximately RMB650 million. The project started in October 2019 and is expected to be completed by the first half of 2023.

2) Cold Chain Development

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 through the self-developed online trading platform. 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:

Location of warehouses	Notes	Planned and owned storage capacity (ton)	Operating leaseable storage capacity (ton)	Average occupancy rate for the year ended 31 December 2021 (%)	2020 (%)
Hangu District, Tianjin	*(a)*	75,000	45,000	59.07	73.46
Chengyang District, Qingdao	*(b)*	8,000	8,000	50.00	50.58
Tianjin Port Area of Tianjin Free-Trade Zone[Δ]	*(c)*	45,000	—	—*	—*
		128,000	53,000		

Δ A joint venture of the Group

* Projects under construction

(a) The Tianjin Zhongyu cold chain 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 2023. When operation commences, the total storage capacity of the Tianjin cold chain warehouse will reach 75,000 tons, thereby creating a comprehensive distribution centre that encompasses cold chain storage, light processing, showroom and cold chain delivery services. Due to the impact of COVID-19 outbreak at home and abroad on the whole cold chain industry, there was a continuous increase in the cost of epidemic prevention for cold storage and a decrease in the efficiency of shipment and warehousing of goods. As at the end of 2021, the combined average occupancy rate of the cold chain storage space and freezer was 59.07%. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

(b) The 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. In 2021, the impact of the COVID-19 outbreak resulted in the postponement of stored goods of customers, the loss of certain customers, and the decrease in cold storage occupancy rate. Qingdao Jingchangshun Food Co., Ltd. adjusted its plan in a timely manner to increase investment promotion. In the second half of 2021, cooperative operation of business was carried out with Qingdao Yonghexun Logistics Storage and Transportation Co., Ltd. (青島永和訊物流儲運有限公司) for a term of ten years, with the occupancy rate of the cold storage reaching 100%.

(c) Tianjin Beijing Inland Port Co., Ltd. is a joint venture established and held by the Group and Tianjin Port Group as to 50% each. The planned gross floor area is approximately 55,000 sq.m. with total investment of approximately RMB680 million. The project officially commenced construction in May 2020. The construction standard is three cold storages each occupying an area of approximately 10,000 sq.m. with a capacity of 15,000 tons. As at the end of 2021, the project was at the stage of final acceptance inspection. The acceptance inspection is expected to be completed by the end of March 2022, when the project will meet the condition of operation.

In terms of overall development of the cold chain trading business, version 2.0 (for commercial use), version H5 and App version of the online services and trading platform – Coldeal (凍品e港) (formerly known as Frozen Products Exchange (凍品交易港)) (www.cciinet.com) were gradually optimized and launched with successful integration of online registration, trading and payment. The implementation of the online platform safety management plan, full product life cycle management and full media channel operation management were completed. An evaluation of information security level protection was completed, and the level of the security system was upgraded to level 3 of security protection 2.0. As at 31 December 2021, the total number of registered users of Coldeal exceeded 20,000, while 1,646 enterprises opened stores on it since the launch of Coldeal. It entered into intentions of cooperation with Feimaoyunche Logistics (飛貓雲車物流), Shanghai Guangqi Cold Chain (上海廣齊冷鏈) and 冷網科技, respectively, on regional cold chain delivery services; and an intention of cooperation with Focus Media on frozen product merchant advertising. It also proactively expanded the ambassadorial channels and built up amicable relationships with meat, agriculture, husbandry and other industry organisations. Meanwhile, we have commenced in-depth strategic cooperation with enterprises in all segments along the cold chain industry chain. 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 in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is basically completed. Current third-party cold chain logistics service partners include the cold chain branches 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 an advanced Internet technology support 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.

On 28 August 2021, Coldeal grandly held the 2nd 828 Frozen Product Exchange Festival (第二屆828凍品交易節) featuring completely online demonstration and interaction activities using Internet technologies mainly based on the Coldeal app. 80 overseas suppliers, 20 representatives from different chambers of commerce, embassies and consulates general as well as 800 domestic buyers conducted online discussion about the integration, coordination and development of the industry. The consulates general in China, meat and seafood associations and other organisations from several countries supported this event, which will effectively strengthen and promote Coldeal and enhance its reputation in the industry by demonstrating its online and offline business strengths so as to lay down the foundation for further business growth.

The Group will put the best effort in developing and promoting the cold chain business with a focus on the development of its online trading platform and the support of a full industry chain of processing and distribution centres in northern, eastern, southern and central China for operations.

3) Industrial Properties

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

Project location		**Planned and owned area**	**Operating leaseable area**	**Average occupancy rate for the year ended 31 December 2021**	**2020**
	Notes	*(sq. m.)*	*(sq. m.)*	*(%)*	*(%)*
Taicang, Jiangsu#	*(a)*	66,015	66,015	100	100
Suzhou, Jiangsu#	*(b)*	61,449	61,449	100	78.06
Jiaxing, Zhejiang	*(c)*	90,113	90,113	46.86	19.67
Changshu, Jiangsu#	*(d)*	169,687	169,687	97.46	55.43
Changzhou, Jiangsu	*(e)*	478,935	—	—*	—*
		866,199	387,264		

* Projects under construction

\# These projects have been classified as held for sale as the Group intends to dispose of these projects. For details, please see the announcement dated 28 January 2022 and circular dated 3 March 2022 of the Company.

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

(b) The land use right certificate for this project was obtained in May 2017. Construction commenced in December 2018 and completed in April 2020. The occupancy rate has been 100% since December 2020. The project is at a prime location with great accessibility and enjoys comprehensive local government funds supporting industrial development.

(c) The land use right certificate for 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. It is currently actively attracting business with an occupancy rate of 68.91% as at the end of 2021. 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 U.S. high-end manufacturing enterprises has generated economies of scale. Standardised, high-end and customised plants have been constructed.

(d) The land use right certificate for this project was obtained in June 2016. The project has a gross floor area of 172,693 sq. m. and was completed in May 2019. The occupancy rate as at the end of 2021 was 100%. The project is at a prime location with well-planned facilities in the surrounding area. It has good accessibility, is in proximity to the expressway network and enjoys abundant local high-quality labour resources and ancillary facilities.

(e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou, Jiangsu Province in January 2018. This project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 478,935 sq. m. With a total investment of approximately RMB2,000 million, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed around May 2022, and the construction of Phase II is still under planning. 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 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 ("Jiangsu Sunan Zhicheng") into an industrial park that combines industry, city, the Internet and smart technologies. Jiangsu Sunan Zhicheng has already signed up with Changzhou Videoworks Technology Co., Ltd. (常州網博視界科技股份有限公司) ("Changzhou Videoworks"), a high-tech enterprise in the Internet+ industry, to jointly develop the "future video production base of China". This project is put on the list of key projects in Jiangsu Province in early 2020. Jiangsu Sunan Zhicheng was also granted the Major Investment Project Award by Tianning District, Changzhou.

As existing project of industrial property is mature, the Group will adopt an approach which is in line with that for its logistics assets, for which it will seek opportunity to sell the project at a reasonable price and to realise its strategic goals of debt reduction, reinvestment and fund allocation.

4) Belt and 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 14,667,829 sq. m. of the land has been obtained. We are proactively introducing strategic partners and actively conducting business negotiations. Currently, the compliance control design and certain municipal designs of the project have been completed. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the overall design of the SEZ covers urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the Belt and Road Initiative and provide Chinese merchants with a clustered integrated industrial platform. The customs, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer onestop services to enterprises within the SEZ. The Group mainly conducts primary land development in the SEZ and sells the same to Chinese enterprises upon completion of land development to realise returns on land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

Currently, in terms of project planning, the Group has completed a detailed and controlled planning of the land under Phase I of the project. With the concept of "commercial parks + urban complex", it plans to have its commercial parks dominated by light industries, supported by commercial circulation, and featuring technological research and development, education, and cultural tourism. Moreover, modern concepts such as "flexible use of land", "sponge city" and "neighbourhood centres" will be introduced in the planning of the urban complex. Primary land construction of the project has not yet commenced due to the COVID-19 epidemic and other force majeure.

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 entry into force of the RCEP agreement on 1 January 2022 will brighten up the development and construction of the Sino-Cambodian project. The Group will tightly grasp this historical opportunity by setting up funds jointly with quality partners to fund the further development of the Sino-Cambodian project, and exploring new ideas to keep up with the rapid development of cross-border e-commerce in Southeast Asia, and fully considering how to deeply explore the advantages of the project under the changing market environment, so as to continuously improve the project.

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, overall project planning has been completed. The whole project will be developed in phases, and continuously financed by profits from land transfers and borrowings from financial institutions, and it is not expected to bring too much financial pressure to the Group. However, as a result of the COVID-19 epidemic, traffic between China and Cambodia lessened, and the planned schedule for project approval was disrupted, which caused a certain delay to the development of the project. At present, the Group is making its best efforts to overcome such difficulties and actively seeking quality partners such that its development plan can commence as soon as possible.

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 wholesale 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 officially opened 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 officially opened in November 2017. Lot III is at the stage of sketch design refinement. As at the end of 2021, the market had a leaseable area of 163,273 sq. m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone. For 2021, the average occupancy rates of the wholesale trading zone and the storage service zone were 76.85% and 68.65% respectively, and the operation team is making continuous efforts to conduct internal regional adjustment of the existing assets in order to improve the overall occupancy rate and the rent unit price , so that the project can achieve profitability as soon as possible.

6) Commercial Properties

(a) Guangzhou Guangming Real Estates Co., Ltd. ("Guangzhou Guangming") owns a 99% interest in Metro Mall, which is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. The mall has a gross floor area of approximately 61,967 sq.m., and is a commercial complex providing dining, entertainment, shopping and cultural experience to young customers aged between 16 and 28. The average occupancy rate of the owned area was approximately 89.24% for 2021.

(b) Holiday Inn Downtown Beijing Company Limited ("BJ Holiday Inn") is a wholly-owned subsidiary of the Group and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travelers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry-specific reasons, despite being a long-time leader in terms of occupancy rates among the

Beijing Holiday Inn hotel brand, the hotel's contribution to the Group's profit remained limited. Thus, BJ Holiday Inn signed a contract on 12 November 2019 with Beijing Shouhou Healthcare and Elderly Care Enterprise Management Limited (北京首厚康健養老企業管理有限公司) to entrust its operations. The hotel ceased operation and commenced renovations in the first quarter of 2020. In accordance with the entrustment contract, the work is expected to be completed by the end of 2022.

BUSINESS PROSPECTS

As the COVID-19 outbreak continues to spread around the world, the external environment becomes more complicated, severe and uncertain, with insufficient motivation for the global economic recovery, and fluctuations in commodity prices at a high level. The economy of China is still in the process of recovery from severe impact of the sudden outbreak, but the long-term positive economic fundamentals remain unchanged. At present, the government continues to implement relief policies that benefit enterprises, and continuously implements tax cuts and fee reductions to stimulate the vitality of market players and promote steady economic development. As logistics property operators continue to enlarge their networks of modern logistics properties and invest in the logistics property market using funds, REITs and other financial instruments, there is an industry landscape of "one superpower and several major players."

Epidemic prevention and control measures lead to the further opening of the full channels of traditional retail brands, acceleration of fresh e-commerce and other emerging cold chain demands, and further increase the e-commerce penetration rate. Under such circumstances, the transition of offline entities to online e-commerce will objectively increase the market demand in the warehousing logistics and cold chain industry in 2022. With quality cold chain projects in Qingdao and Tianjin as the foundation, the domestic cold chain segment seized business opportunities to build a core online asset consisting of an online comprehensive trading centre for frozen products, and a core offline asset consisting of physical cold chain storage service. The timely launch of CCII Frozen Product Industry Integration Service Platform based on "Coldeal" will satisfy the need of clients in the frozen product industry for online trading and financing, reduce trading costs, enhance trading efficiency and provide solutions for large-scale industrial and technological development. The development of this platform will without doubt nurture a productive ecosystem for both upstream and downstream frozen product industry, reform the structure of the industry and create synergies among the resources of producers, traders and service providers.

The sale of assets at the disposal stage of a project is currently the only means for the Group, as a diversified property developer, to crystalise asset appreciation gains. It is also the basic business model of property developers in general. At present, most of the Group's projects have been completed and put into operation with significant rise in values. In view of the development trends in the domestic real estate industry and its future development plans, the Group plans to sell some of its relatively mature assets that are ready for sale by way of equity transfers in order to complete the disposal and realisation stage in the cycle of "financing, investment, management and exit", recover cash, generate profits and reduce debts. Despite a lengthier period of development for the first cycle, the Group has acquired a number of quality projects in the past and is gradually realising their values. Therefore, it is expected that the Group's development cycle will quicken gradually and achieve sustainable profitability in the coming years. Under the unstable economic condition, the Group will slow down its reliance on heavy assets and the speed of investment from the principle of prudence, and shift to a development model that combines light with heavy assets. With mature experience in logistics property, industrial property and cold chain business, we will increase the proportion of service business, and continue to reduce operating costs and financial expenses to achieve operating profit and positive cash flow, and continue to bring benefits to shareholders.

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of business tax) for the year ended 31 December 2021 amounted to approximately HK$710.82 million, representing an increase of approximately HK$22.45 million or 3.26%, from approximately HK$688.37 million for the year ended 31 December 2020. The gross profit for the year ended 31 December 2021 amounted to approximately HK$446.70 million, representing an increase of approximately HK$101.41 million, or 29.37% from approximately HK$345.29 million for the year ended 31 December 2020.

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

	2021		2020		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	**62,262**		69,948		(7,686)	
Tianjin	**33,662**		35,054		(1,392)	
Xiamen	**27,974**		30,878		(2,904)	
Meishan	**12,494**		8,944		3,550	
Hainan	**16,829**		17,235		(406)	
Jiangsu	**37,550**		7,406		30,144	
Tongliao	**2,523**		2,170		353	
	193,294	**92.73**	171,635	92.44	21,659	0.29

Name of assets	**2021** Revenue	**2021** GP Margin	2020 Revenue	2020 GP Margin	Change Revenue	Change GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Cold chain logistics warehouses						
Tianjin	**73,443**		49,341		24,102	
Qingdao	**2,434**		2,807		(373)	
	75,877	**40.11**	52,148	64.54	23,729	(24.43)
Trading business						
Hong Kong	**2,106**		45,572		(43,466)	
Beijing	**184,261**		248,867		(64,606)	
	186,367	**3.14**	294,439	1.37	(108,072)	1.77
Specialised wholesale markets						
Quzhou Tongcheng	**33,370**	**70.43**	32,914	55.94	456	14.49
Industrial properties						
Zhejiang	**119,705**		63,788		55,917	
Jiangsu	**12,915**		5,750		7,165	
	132,620	**93.66**	69,538	93.32	63,082	0.34
Commercial properties						
Guangzhou	**40,741**		33,709		7,032	
Beijing	**48,548**		33,982		14,566	
	89,289	**96.94**	67,691	96.99	21,598	(0.05)
The Group	**710,817**	**62.84**	688,365	50.16	22,452	12.68

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2021 amounted to approximately HK$193.30 million, representing an increase of approximately HK$21.66 million or 12.62% from approximately HK$171.64 million for the year ended 31 December 2020. The increase was primarily attributable to the completion of Sin-Den project in Jiangsu in the second half of 2020. The gross profit margin slightly increased from approximately 92.44% for the year ended 31 December 2020 to approximately 92.73% for the year ended 31 December 2021.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2021 amounted to approximately HK$75.88 million, representing an increase of approximately HK$23.73 million or 45.50% from approximately HK$52.15 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in value-added service income. The gross profit margin decreased from approximately 64.54% for the year ended 31 December 2020 to approximately 40.11% for the year ended 31 December 2021 due to the costs associated with the prevention of COVID-19.

Trading business

The revenue contribution of trading business for the year ended 31 December 2021 amounted to approximately HK$186.37 million, representing a decrease of approximately HK$108.07 million or 36.70% from approximately HK$294.44 million for the year ended 31 December 2020. The decrease was primarily attributable to the impact caused by COVID-19 and looking for the changes of business model.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2021 amounted to approximately HK$33.37 million, representing an increase of approximately HK$0.46 million, or 1.40%, from approximately HK$32.91 million for the year ended 31 December 2020. The increase in revenue was attributable to the increase in average occupancy rate during the year ended 31 December 2021.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2021 amounted to approximately HK$132.62 million, representing an increase of approximately HK$63.08 million or 90.71% from approximately HK$69.54 million for the year ended 31 December 2020. The sharp increase was attributable to the increase in average occupancy rate of projects in Suzhou City, Jiaxing City and Changshu City during the year ended 31 December 2021.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2021 amounted to approximately HK$89.29 million, representing an increase of approximately HK$21.60 million or 31.91% from approximately HK$67.69 million for the year ended 31 December 2020. The increase was primarily attributable to the revenue from Beijing project based on entrusted contract.

Changes in fair value of investment properties, net

For the year ended 31 December 2021, net fair value gain of investment properties was approximately HK$27.78 million, the gain was mainly attributable to the fair value increment of properties located in the Shanghai, Qingdao, Beijing, Jiangsu and Zhejiang.

Other income and gains, net

For the year ended 31 December 2021, net other income and gains were approximately HK$41.71 million, which represented a decrease of approximately HK$30.55 million, or 42.28%, from approximately HK$72.26 million for the year ended 31 December 2020. The decrease in net other income and gains was primarily related to the decrease in bank interest income.

Selling and distribution expenses

For the year ended 31 December 2021, selling and distribution expenses were approximately HK$6.22 million, which represented an increase of approximately HK$3.10 million, or 99.36%, from approximately HK$3.12 million for the year ended 31 December 2020. The increase in selling and distribution expenses was primarily related to the commission costs incurred by industrial properties projects for their leasing activities.

Administrative expenses

For the year ended 31 December 2021, administrative expenses were approximately HK$191.10 million, which represented a decrease of approximately HK$13.92 million, or 6.79%, from approximately HK$205.02 million for the year ended 31 December 2020. The decrease in administrative expenses was primarily related to cost control during the year and reduction of staff costs of BJ Holiday Inn after cessation of its hotel business.

Other expenses

For the year ended 31 December 2021, other expenses were approximately HK$14.48 million, which represented a decrease of approximately HK$4.94 million, or 25.44%, from approximately HK$19.42 million for the year ended 31 December 2020. The decrease in other expenses was primarily related to the impairment of trade receivables in 2020.

Finance costs

For the year ended 31 December 2021, finance costs were approximately HK$597.82 million, representing a decrease of approximately HK$12.31 million, or 2.02%, from approximately HK$610.13 million for the year ended 31 December 2020. The decrease in finance costs was primarily related to the decrease in interest on USD guaranteed bonds of approximately HK$39.74 million.

Share of profits and losses of joint ventures

For the year ended 31 December 2021, the share of profits of joint ventures of approximately HK$73.76 million was mainly contributed by BIPL. The increase in sharing profits and losses of joint ventures was primarily related to the increase in fair value in investment properties of BIPL.

Share of losses of associates

For the year ended 31 December 2021, the share of losses of associates of approximately HK$36.73 million was contributed by share the results of Beijing Health (Holdings) Limited (previously known as Beijing Enterprises Medical and Health Industry Group Limited), a listed company on The Stock Exchange of Hong Kong Limited and Beijing Enterprises City Investment Holdings Group Co., Limited.

Income tax expense

Income tax expense for year ended 31 December 2021 included current income tax of HK$21.68 million. Deferred tax expense for the year ended 31 December 2021 was HK$57.19 million which arose from the change in the fair value of investment properties.

Investment properties

Investment properties increased by approximately HK$964.33 million, which was mainly due to the net effect of (i) the construction of warehouse for logistics and industrial property business of HK$130.29 million; (ii) the increase in fair value of HK$27.78 million for the year ended 31 December 2021; (iii) the net transfer of HK$452.93 million from assets of disposal group classified as held for sale; and (iv) the exchange realignment of HK$345.68 million.

Goodwill

Goodwill represented the acquisition in previous years for logistics warehouse business and commercial property business.

Interests in joint ventures

Interests in joint ventures decreased by approximately HK$1,674.88 million, which was mainly due to the net effect of (i) transfer of investment in BIPL of HK$1,706.61 million to assets of disposal group classified as held for sale; (ii) share of profits of HK$73.76 million for the year ended 31 December 2021; (iii) share of translation reserve of HK$45.12 million; and (iv) repayment of loan from BIPL of HK$102.80 million.

Interests in associates

Interests in associates decreased by approximately HK$0.52 million, mainly due to the net effect of (i) share of losses of HK$36.73 million for the year ended 31 December 2021; (ii) share of translation reserve of HK$5.54 million; (iii) share of capital and other reserve of HK$21.20 million; and (iv) the exchange realignment of HK$9.38 million.

Equity investments at fair value through other comprehensive income

Equity investment decreased by approximately HK$3.09 million, mainly due to the decrease in fair value of CAQ of HK$3.32 million during the year.

Land held for development or sale

Land held for development or sale mainly represented lands located in Cambodia for the primary land development business.

Properties under development for sale

Properties under development for sale represented properties located in Jiangsu for the industrial property business which was transferred from land held for development or sale. The increase in balance was mainly due to construction progress during the year ended 31 December 2021.

Cash and cash equivalents

Cash and cash equivalents increased by HK$343.41 million, mainly due to the net effect of (i) cash generated from operation of HK$364.69 million; (ii) repayment of loans from BIPL of HK$135.32 million; (iii) net bank and other borrowings of HK$684.16 million drawn; (iv) funding granted by Beijing Enterprises City Development Group Limited ("BE City", the intermediate holding company of the Company) of HK$429.03 million; (v) interest paid of HK$574.73 million; (vi) settlement for the construction costs of investment properties and properties under development of HK$571.55 million; and (vii) repurchase of guaranteed bonds of HK$80.34 million.

Held for sale

Held for sale represented assets and liabilities of disposal groups from (i) New Fine and New Concord; and (ii) CS Group, TCIII Group, TCIV Group and WZ Group. The disposal groups are 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. As the transaction has not been completed, the assets and liabilities from the Disposal Group are classified into held for sale as at 31 December 2021. For more details, please refer to (i) the announcements of the Company dated 28 February 2022; and (ii) the announcements of the Company dated 28 January 2022, and the circular of the Company dated 3 March 2022.

Due to other related parties

Due to other related parties increased by HK$408.63 million (non-current portion decreased by HK$115.96 million and current portion increased by HK$524.59 million), mainly due to the net effect of (i) transfer of funding granted by the non-controlling shareholder of the Company's subsidiary located in Singapore to liability directly associated with the assets of disposal groups classified as held for sale of HK$142.09 million; (ii) funding granted by BE City of HK$429.03 million (iii) interest payable to a loan from Beijing Enterprises City Development Limited ("BE City Development", a fellow subsidiary of the Company) of HK$59.48 million; (iv) funding granted by the non-controlling shareholder of the Company's subsidiary located in Singapore of HK$23.57 million; and (v) funding granted by the non-controlling shareholder of industrial group of HK$25.36 million.

Bank and other borrowings

Bank and other borrowings increased by HK$402.85 million (non-current portion decreased by HK$74.85 million and current portion increased by HK$477.70 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 February 2020 of which has a par value of USD600 million and additionally issued in August 2020 which has a par value of USD150 million. The Group repurchased a par value of USD10.30 million during the year ended 31 December 2021.

Liquidity and financial resources

As at 31 December 2021, for accounting purposes, the Group had total borrowings of approximately HK$10,728.07 million (31 December 2020: approximately HK$10,381.91 million) which included: (i) approximately HK$4,990.71 million from bank and other borrowings; and (ii) approximately HK$5,737.36 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 168.80% (31 December 2020: approximately 169.52%).

As at 31 December 2021, the Group's balance of bank and other borrowings amounted to approximately HK$4,990.71 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 34.95%, 17.04% and 48.01%, respectively. 47.39% of these bank and other borrowings was repayable less than one year. As at 31 December 2021, the Group's cash and bank balances amounted to approximately HK$1,188.28 million, which were denominated in USD, HK$ and RMB as to 27.49%, 3.43% and 69.08%, respectively. Bank and other borrowings of an aggregate amount of HK$3,856.61 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. 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 2021, the Group's current ratio and quick ratio were approximately 131.25% and 97.31%, respectively (31 December 2020: approximately 103.86% and 101.22%, respectively).

The net total borrowings of the Group as at 31 December 2021 (total borrowings less cash and cash equivalents and restricted cash) was HK$9,539.79 million (31 December 2020: HK$9,615.26 million), representing a decrease of HK$75.47 million as compared to the previous year.

Contingent liabilities

As at 31 December 2021, the Group had no contingent liabilities (31 December 2020: Nil).

Capital expenditures

For the year ended 31 December 2021, the Group spent approximately HK$141.46 million (For the year ended 31 December 2020: approximately HK$278.21 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 2021 the Group had outstanding contracted capital commitments amounted to approximately HK$1,040.98 million in aggregate which comprised commitments for:

— the outstanding construction costs of approximately RMB741.05 million (equivalent to approximately HK$908.37 million) committed for warehouse facilities.

— the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$128.71 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 2021, 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 2021, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2021, the Group had bank loans with principal amounts of approximately HK$1,667.08 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 2021, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2021, the Group had a total of 508 (2020: 525) employees. Total staff cost incurred for the year ended 31 December 2021 amounted to approximately HK$104.41 million (2020: approximately HK$105.36 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 Company'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 2021, 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 2021, 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 notwithstanding that the Group had net current assets of HK$1.82 billion as at 31 December 2021, which included the net assets of disposal groups classified as held for sale of HK$2.76 billion, there are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's guaranteed bonds of US$740 million (equivalent to HK$5.74 billion) will be due in February 2023. This, along with other matters as set forth in Note 2.1 to the financial statements, 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

Partial Repurchase and Cancellation of U.S.$750,000,000 5.95% guaranteed bonds due 2023

BPHL Capital Management Limited, a subsidiary of the Company, has repurchased part of the Bonds in an aggregated principal amount of US$10,300,000 (the "Repurchased Bonds") in the open market during the period from 28 September 2021 to 7 October 2021, representing approximately 1.37% 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$739,700,000, representing 98.63% of the initial aggregate principal amount of the Bonds.

Save as disclosed above, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

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 2021.

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 2021, except as disclosed below.

Under code provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year. During the year, the Company held two full board meetings instead of at least four full board meetings as required under Code Provision A.1.1. The Directors consider it is more efficient to hold board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.

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 was unable to attend the annual general meeting held on 15 June 2021 (the "2021 AGM") due to their other business commitments. Our chairman appointed Mr. Siu Kin Wai, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit, remuneration and nomination committees also attended the 2021 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 consolidated results for the year ended 31 December 2021 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 2021, 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 2021 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 2021 annual report of the Company will be dispatched to the shareholders of the Company in April 2022 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, 31 March 2022

As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, 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.