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 2022

HIGHLIGHTS

Revenue increased by approximately HK$602.32 million to HK$1,313.14 million for the year ended 31 December 2022, representing an increase of approximately 84.74%, as compared to that of approximately HK$710.82 million for the year ended 31 December 2021.

Gross profit increased by approximately HK$20.09 million to HK$466.79 million for the year ended 31 December 2022, representing an increase of approximately 4.50%, as compared to that of approximately HK$446.70 million for the year ended 31 December 2021.

Consolidated loss attributable to shareholders of the Company for the year ended 31 December 2022 decreased by approximately HK$252.01 million to HK$121.97 million, as compared to that of approximately HK$373.98 million for the year ended 31 December 2021.

Basic and diluted loss per share for the year were HK1.75 cents each.

Net assets value per share attributable to shareholders of the Company was approximately HK$0.38 as at 31 December 2022.

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 2022, together with comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
REVENUE	*3*	**1,313,135**	710,817
Cost of sales and services		**(846,348)**	(264,115)
Gross profit		**466,787**	446,702
Changes in fair value of investment properties, net		**41,234**	27,776
Gain on disposal of subsidiaries		**594,967**	–
Other income and gains, net	*4*	**56,254**	41,706
Selling and distribution expenses		**(7,567)**	(6,218)
Administrative expenses		**(214,283)**	(191,103)
Other expenses, net		**(25,636)**	(14,477)
Finance costs	*5*	**(612,450)**	(597,824)
Share of profits and losses of:			
Joint ventures		**18,369**	73,764
Associates		**(47,181)**	(36,734)
PROFIT/(LOSS) BEFORE TAX	*6*	**270,494**	(256,408)
Income tax	*7*	**(216,179)**	(78,868)
PROFIT/(LOSS) FOR THE YEAR		**54,315**	(335,276)
Attributable to:			
Shareholders of the Company		**(121,967)**	(373,982)
Non-controlling interests		**176,282**	38,706
		54,315	(335,276)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	*9*	**(HK1.75 cents)**	(HK5.37 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**54,315**	(335,276)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences:		
Translation of foreign operations	**(628,639)**	252,065
Disposal of subsidiaries	**23,047**	–
Deregistration of subsidiaries	**(4,372)**	–
– Share of other comprehensive (loss)/income of:		
Joint ventures	**(62,826)**	45,123
Associates	**(19,087)**	5,536
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(691,877)**	302,724
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	**737**	(3,320)
– Actuarial losses of defined benefit plans	**(23)**	(1,011)
– Share of other comprehensive loss of associates	**(3,265)**	(156)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(2,551)**	(4,487)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX OF NIL	**(694,428)**	298,237
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(640,113)**	(37,039)
Attributable to:		
Shareholders of the Company	**(756,596)**	(100,610)
Non-controlling interests	**116,483**	63,571
	(640,113)	(37,039)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**493,753**	548,951
Investment properties		**4,629,056**	8,465,009
Right-of-use assets		**68,257**	75,293
Goodwill		**102,441**	172,401
Interests in joint ventures		**231,790**	236,283
Interests in associates		**583,906**	676,785
Equity investments at fair value through other comprehensive income		**21,167**	20,881
Deposits		**–**	10,358
Land held for development or sale		**4,157,051**	4,159,955
Pledged and restricted bank deposits		**–**	987
Total non-current assets		**10,287,421**	14,366,903
CURRENT ASSETS			
Properties under development for sale		**21,979**	1,811,752
Properties held for sale		**1,922,448**	99,083
Inventories		**424,336**	68,498
Trade receivables	*10*	**112,145**	90,522
Prepayments, other receivables and other assets		**620,566**	240,818
Due from joint ventures		**5,633**	57,841
Financial assets at fair value through profit or loss		**203,724**	–
Pledged and restricted bank deposits		**6,606**	99,973
Cash and cash equivalents		**732,730**	1,087,321
		4,050,167	3,555,808
Assets of disposal groups classified as held for sale		**3,405,550**	4,099,819
Total current assets		**7,455,717**	7,655,627

	Notes	**2022**	2021
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade payables	*11*	**240,884**	661,193
Other payables and accruals		**674,033**	624,255
Due to other related parties		**264,762**	542,291
Bank and other borrowings		**1,707,918**	2,364,872
Guaranteed bonds	*12*	**5,575,570**	–
Income tax payables		**117,589**	49,260
Provision for compensation	*13*	**229,842**	249,863
		8,810,598	4,491,734
Liabilities directly associated with the assets of disposal groups classified as held for sale		**899,135**	1,341,286
Total current liabilities		**9,709,733**	5,833,020
NET CURRENT (LIABILITIES)/ASSETS		**(2,254,016)**	1,822,607
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,033,405**	16,189,510
NON-CURRENT LIABILITIES			
Due to a joint venture		**200,113**	216,731
Due to other related parties		**61,431**	73,434
Bank and other borrowings		**1,598,289**	2,625,838
Guaranteed bonds	*12*	**–**	5,737,361
Deferred revenue		**80,086**	88,618
Defined benefit obligations		**13,082**	14,375
Deferred tax liabilities		**1,315,540**	1,781,466
Total non-current liabilities		**3,268,541**	10,537,823
Net assets		**4,764,864**	5,651,687
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*14*	**696,933**	696,933
Reserves		**1,955,245**	2,712,166
		2,652,178	3,409,099
Non-controlling interests		**2,112,686**	2,242,588
Total equity		**4,764,864**	5,651,687

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1.1 BASIS OF PRESENTATION

At 31 December 2022, the Group had net current liabilities of HK$2.25 billion, which included the net assets of disposal groups classified as held for sale of HK$2.51 billion, and the Group's current portion of bank and other borrowings and guaranteed bonds in aggregate of HK$7.3 billion which are due to be settled within one year from the end of the reporting period. This condition indicates the existence of a material uncertainty relating to going concern. In assessing the Group's ability to operate as a going concern, a cash flow projection has been prepared by the management, after giving 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.

The directors of the Company have reviewed the Group's cashflow projection prepared by management and 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 January 2023, the Group has received the remaining consideration of RMB377 million (equivalent to HK$427 million) upon the completion of a very substantial disposal;

(ii) subsequent to the reporting period, in February 2023, the Group has obtained certain loans and banking facilities with aggregate amount of HK$4.2 billion with terms ranging from 12 to 36 months;

(iii) subsequent to the reporting period, in February 2023, the Group has obtained a loan of RMB1.8 billion (equivalent to HK$2.0 billion) from a fellow subsidiary for a term of six months;

(iv) the Group is in the process of realising certain of its investments or properties, including certain warehouses in Mainland China (the "China Logistics Disposal", details of which are disclosed in note 15 to the financial statements and the circular dated 3 August 2022) and certain commercial properties in Jiangsu;

(v) the Group plans to renew the existing revolving loans with a principal amount of HK$920 million;

(vi) the Group is currently arranging additional banking facilities and/or bonds with banks and financial institutions to further support the Group's funding needs should the aforesaid realisation of investments and/or properties not be completed in the upcoming year; and

(vii) A fellow subsidiary of the Company has committed to provide continuous financial support to the Group if needed and the Group will also seek continuous financial support from the Company's holding companies or other fellow subsidiaries if necessary.

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 disposal of the Group's properties; (ii) the success in obtaining additional funds from banks and financial institution; or falling which, the success in (iii) obtaining the continual financial support and funding from the Company's holding companies or fellow subsidiaries.

The directors believe that, taking into account the above factors, the Group will have sufficient working capital to continue as a going concern. However, should the disposal of the Group's properties be delayed or additional funds from banks and financial institution not be obtained and continual financial support from the Company's holding companies or fellow subsidiaries 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 2022. 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 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK (IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK (IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37 the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

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

(a) the properties business segment engages in the leasing of commercial properties and 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, provision of related management services, and sale of properties;

(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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**80,419**	89,289	**307,593**	302,541	**176,952**	132,620	**748,171**	186,367	**–**	–	**1,313,135**	710,817
Changes in fair value of investment properties, net	**(2,867)**	(10,195)	**(15,345)**	30,323	**59,446**	7,648	**–**	–	**–**	–	**41,234**	27,776
Segment results:												
The Group	**36,373**	62,934	**151,286**	217,013	**198,696**	106,134	**1,749**	(8,336)	**(1,187)**	(1,490)	**386,917**	376,255
Share of profits and losses of:												
Joint ventures	**–**	–	**18,369**	73,764	**–**	–	**–**	–	**–**	–	**18,369**	73,764
Associates	**(48,465)**	(50,217)	**–**	–	**–**	–	**–**	–	**1,284**	13,483	**(47,181)**	(36,734)
	(12,092)	12,717	**169,655**	290,777	**198,696**	106,134	**1,749**	(8,336)	**97**	11,993	**358,105**	413,285
Reconciliation:												
Foreign exchange differences, net											**(12,019)**	9,976
Bank interest income											**10,954**	4,889
Other interest income											**1,988**	3,663
Finance costs											**(612,450)**	(597,824)
Gain on disposal of subsidiaries											**594,967**	–
Corporate and other unallocated income and expenses, net											**(71,051)**	(90,397)
Profit/(loss) before tax											**270,494**	(256,408)

	Properties business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**3,289**	3,802	**10,459**	9,494	**820**	752	**530**	544	**–**	–	**15,098**	14,592
Reconciliation:												
Corporate and other unallocated assets											**2,886**	3,040
											17,984	17,632
Depreciation of right-of-use assets	**1,981**	1,994	**980**	1,014	**–**	–	**–**	–	**–**	–	**2,961**	3,008
Provision for compensation, net	**3,677**	7,308	**–**	–	**–**	–	**–**	–	**–**	–	**3,677**	7,308
Interests in joint ventures*	**–**	–	**231,790**	1,942,897	**–**	–	**–**	–	**–**	–	**231,790**	1,942,897
Interests in associates	**312,321**	384,000	**–**	–	**–**	–	**–**	–	**271,585**	292,785	**583,906**	676,785
Capital expenditure#:												
Segment assets	**3,170**	1,770	**16,039**	118,876	**514**	15,077	**3,789**	5,712	**–**	–	**23,512**	141,435
Reconciliation:												
Corporate and other unallocated assets											**74**	26
											22,586	141,461

* *Interests in joint ventures included an amount of Nil (2021: HK$1,706,614,000) associated with disposal group classified as held for sale as at 31 December 2022.*

\# *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

	2022	2021
	HK$'000	*HK$'000*
Mainland China	**1,313,135**	708,711
Hong Kong	**–**	2,106
	1,313,135	710,817

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

Information about major customers

During the years ended 31 December 2022 and 2021, 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:

	2022	2021
	HK$'000	*HK$'000*
Logistics and other ancillary services	**86,420**	77,244
Property management fee	**49,944**	47,492
Sale of frozen products	**748,171**	186,367
Sale of properties	**41,723**	–
Gross rental income	**386,877**	399,714
Total revenue	**1,313,135**	710,817

4. OTHER INCOME AND GAINS, NET

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

	2022	2021
	HK$'000	*HK$'000*
Other income		
Bank interest income	**10,954**	4,889
Other interest income	**1,988**	3,663
Government grants*	**8,696**	8,432
Others	**34,616**	14,746
	56,254	31,730
Gains, net		
Foreign exchange differences, net	**–**	9,976
Other income and gains, net	**56,254**	41,706

* *The government grants recognised during the years ended 31 December 2022 and 2021 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:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**268,066**	253,455
Interest on loans from related parties	**1,298**	1,220
Interest on guaranteed bonds	**367,962**	371,730
Total finance costs	**637,326**	626,405
Less: Amount capitalised in properties under development for sale	**(24,876)**	(28,581)
	612,450	597,824

6. PROFIT/(LOSS) BEFORE TAX

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

	2022	2021
	HK$'000	*HK$'000*
Direct cost of rental income	**27,908**	25,580
Cost of services provided	**60,657**	58,015
Cost of sale of properties	**26,161**	–
Cost of goods sold	**731,622**	180,520
Depreciation of property, plant and equipment	**17,984**	17,632
Less: Amount associated with disposal groups classified as held for sale	**(666)**	(454)
	17,318	17,178
Less: Amount included in cost of sales and services	**(9,758)**	(8,893)
	7,560	8,285
Depreciation of right-of-use assets	**2,961**	3,008
Lease payments that not included in the measurement of lease liabilities	**5,545**	6,908
Loss on disposal of items of property, plant and equipment*	**539**	1,266
Gain of early redemption of guaranteed bonds	**(3,543)**	(3,607)
Impairment of an investment in an associate	**33,000**	45,570
Employee benefit expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**82,285**	84,101
Defined contribution scheme contributions	**21,677**	19,898
Cost of defined benefit plans	**525**	409
	104,487	104,408
Less: Amount included in cost of sales and services	**(12,911)**	(13,694)
	91,576	90,714
Provision for compensation, net*	**3,677**	7,308

* *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:

	2022	2021
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Mainland China		
Charge for the year	**163,557**	19,244
Over provision in prior years	**(9,477)**	–
Withholding tax on interest income from intercompany loans	**2,598**	2,434
Deferred	**59,501**	57,190
Total income tax expense for the year	**216,179**	78,868

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: 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 (2021: 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 2022 and 2021, 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:

	2022	2021
	HK$'000	*HK$'000*
Billed:		
Within one month	**3,924**	17,672
One to three months	**3,637**	3,690
Over three months	**484**	2,293
	8,045	23,655
Unbilled	**104,100**	66,867
	112,145	90,522

At 31 December 2022 and 2021, management estimated that the loss allowance was minimal, except for a loss allowance of HK$5,979,000 (2021: HK$5,979,000) which was made in respect of rental income receivable.

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:

	2022	2021
	HK$'000	*HK$'000*
Billed:		
Within one month	**1,689**	443
One to three months	**10**	294
Over three months	**6,339**	265
	8,038	1,002
Unbilled	**232,846**	660,191
	240,884	661,193

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

12. GUARANTEED BONDS

	2022	2021
	HK$'000	*HK$'000*
5.95% guaranteed bonds due 2023	**5,575,570**	5,737,361

Note:

The Group's guaranteed bonds as at 31 December 2022 and 2021 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. During the year, the Group repurchased nominal amount of HK$186,435,000 (2021: HK$80,340,000) of the guaranteed bonds, resulting in a total gain on early redemption of HK$3,543,000 (2021: HK$3,607,000) recognised in profit or loss.

Subsequent to the reporting period, the bonds were fully repaid by the Group.

13. PROVISION FOR COMPENSATION

	2022	2021
	HK$'000	*HK$'000*
At 1 January	**249,863**	240,242
Addition of provision	**3,677**	7,308
Settlement during the year	**(4,565)**	(5,465)
Exchange realignment	**(19,133)**	7,778
At 31 December	**229,842**	249,863

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$229,842,000 (2021: HK$249,863,000) as at 31 December 2022.

14. SHARE CAPITAL

Shares

	2022	2021
	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 (2021: 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:

	2022	2021
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital injection into an associate	**118,839**	128,708
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities and industrial plants	**653,890**	908,370
Total capital commitments	**776,629**	1,040,978

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 was Nil (2021: HK$19,526,000) as at 31 December 2022.

16. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 12 to this announcement, the Group has the following significant events after the reporting period:

(a) On 8 February 2023, the Company entered into certain loan documents with a bank in relation to loan facilities of total amounts of RMB2,060,000,000 for a period of thirty six months with the benefit of the keepwell and liquidity support deed (the "Keepwell Deed") issued by Beijing Enterprises Group Company Limited ("BE Group").

(b) On 9 February 2023, Sharp Trade Investments Limited, a wholly-owned subsidiary of the Company, as a borrower entered into certain loan documents with a bank in relation to loan facilities of total amounts of HK$600,000,000 for a period of twenty four months guaranteed by the Company with the benefit of a Keepwell Deed issued by BE Group.

(c) On 13 February 2023, the Group entered into a term loan agreement with Beijing Enterprises Group Finance Co., Ltd. ("BG Finance") in relation to loan facilities of total amounts of HK$2,000,000,000 for a period of six months.

(d) On 14 February 2023, the Company entered into certain loan documents with a bank in relation to loan facilities of total amounts of US$50,000,000 for a period of twelve months with the benefit of a Keepwell Deed issued by BE Group.

(e) On 15 February 2023, the Company entered into certain loan documents with a bank in relation to loan facilities of total amounts of RMB800,000,000 for a period of thirty six months with the benefit of a Keepwell Deed issued by BE Group.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2022, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$121.97 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$373.98 million recorded for the year ended 31 December 2021.

BUSINESS REVIEW

The Group positioned itself as a professional property developer, focusing on logistics warehouses, cold storage, industrial factories and primary land development, while operating certain commercial projects. However, the business in which the Group was engaged previously was a heavy asset investment with a large capital backlog and a long payback period. Therefore, the Group designed a specific business model for sustainable development whereby the projects could generate sustainable income and at the same time promote the value increase of the properties through improved operating results, and ultimately maximise the ultimate return by seizing the most favourable market opportunity to sell when the value is realised. Since 2018, the Group has been actively preparing for the sale of assets of various mature projects, but the overall economic environment continued to deteriorate due to the continuous impact of the change in the country's operating system, trade wars and fierce geographical conflicts, and the sales of two assets of the logistics warehouse and four assets of the industrial plant were finally completed only in 2022, with considerable return. However, the timing delay has resulted in increased finance costs and reduced asset prices over the past four years, causing the Group to incur continuous losses. Therefore, having cautiously assessed the sustainable development of the business in the future, the Group decided to carry out a business transformation, i.e. to gradually withdraw from heavy asset investments and leverage on the cold chain business that has been developed since 2019 to penetrate upstream and downstream to carry out the food supply chain business in the PRC, with a view to achieving a reduction in liabilities and finance expenses through the disposal of heavy assets, while diversifying revenue through an increase in revenue to enhance the profitability of the Group.

The Group's current projects are also listed below respectively according to different categories.

1) High-end and Modern General Warehouses

High-end and modern logistics warehouses are the developed projects that the Group gives preference to selling, and has completed the sale of 90% interest of the Tongzhou District, Beijing project on 6 June 2022, with capital recovery of approximately RMB1,379,771,000 (equivalent to approximately HK$1,616,530,000), and recording a gain on disposal of approximately RMB147,705,000 (equivalent to approximately HK$172,963,000). The Group holds the remaining 10% interest of the Tongzhou District project, and proposes to complete the sale in the first half of 2023. Furthermore, the sale of 75% interest of the Taicang, Jiangsu project was completed on 21 October 2022, with capital recovery of approximately RMB507,254,000 (equivalent to approximately HK$545,095,000), and recording a gain on disposal of approximately RMB225,618,000 (equivalent to approximately HK$242,449,000). The Pudong District, Shanghai project, the Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone) project, the Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone) project, the Tong'an District, Xiamen project, the Chengmai District, Hainan project and the Jiaozhou, Qingdao project under that category with the total of approximately 572,000 sq.m. are also planning to sell orderly. The Group will issue an announcement to each shareholder in relation to relevant development from time to time.

A list of the areas and occupancy rates of the high-end and modern general warehouses still held by the Group is as follows:

Location of warehouses	Notes	Planned and owned area (sq.m.)	Operating leasable area (sq.m.)	Average occupancy rate for the year ended 31 December 2022 (%)	2021 (%)
Pudong District, Shanghai[1]	(a)	211,555	211,555	54.78	53.96
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)[1]	(b)	57,670	57,670	95.12	92.82
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)[1]	(c)	16,083	16,083	100	100
Tong'an District, Xiamen[1]	(d)	92,466	92,466	80.59	92.10
Dongpo District, Meishan	(e)	97,809	97,809	60.27	65.92
Chengmai District, Hainan[1]	(f)	48,702	48,702	72.55	89.92
Ke'erqin District, Tongliao	(g)	31,113	31,113	80.98	71.02
Jiaozhou, Qingdao[2]	(h)	145,170	–	–*	–*
		700,568	555,398		

* *Projects under construction*

Notes:

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 dated 18 March 2022 and circular dated 3 August 2022 of the Company.

2. The Group intends to dispose of this project. For details, please refer to the announcement of the Company dated 31 December 2021.

(a) In 2022, Shanghai experienced the economic downturn, and 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. Through the unremitting efforts of the operation team, as at 31 December 2022, the overall occupancy rate of the project increased from 50.21% at the beginning of the year to 59.32%, with an overall increase in stability. The additional leased area in 2022 was approximately 12,000 sq.m., and the temporary leased area was approximately 20,000 sq.m.

(b) 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. While Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") remained fully occupied during 2022. The average occupancy rate of Phase I and II of Transwealth Logistics and WSL Logistics together for the year of 2022 was 95.12%.

(c) 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 2022, with stable revenue.

(d) The Group operates five warehouses and two auxiliary buildings in Xiamen City, Fujian Province with a total leasable area of 92,466 sq.m. All tenants of the warehouses are well-known domestic e-commerce and warehouse distribution logistics companies, while the supporting rooms are leased by a local industrial company. As at the end of December 2022, the occupancy rate of the project was 78.22%. For the remaining warehouse area, the Group is negotiating with potential customers. It is expected that all investment promotion will be completed before the first half of 2023, so that the warehouse will be fully leased.

(e) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leasable area of approximately 97,809 sq.m. As at the end of 2021, the occupancy rate of the Meishan project declined, due to the surrender of leases by major customers upon expiry of the leases of approximately 12,000 sq.m., and the fierce competition in surrounding markets. Through the unremitting efforts of the team, the occupancy rate has increased and reached 64.03% by the end of December 2022.

(f) The Group has two warehouses and complex dormitory buildings in Chengmai County, Haikou City, Hainan Province, with a total leasable area of 48,702 sq.m. The occupancy rate was 66.96% by the end of December 2022. For the remaining warehouse area, the Group is negotiating with potential customers.

(g) The Group's Tongliao project is leased out as a logistics warehousing facility before commercial development. The project is 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. In 2022, the project team overcame the adverse impact of various aspects and continued to increase its efforts in attracting tenants, resulting in a steady increase in the overall occupancy rate. The average occupancy rate for the year of 2022 was 80.98%.

(h) 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 are planned to be constructed conforming with international standards. The total gross floor area is approximately 155,400 sq.m. and has a total leasable 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 end of 2024.

2) Supply Chain Development

The nationwide supply chain business is a business that the Group has extended and focused on relying on the existing online and offline cold chain and agricultural wholesale market infrastructure that has become mature, and further develops through the upstream and downstream through the self-developed online trading platform, with the aim of becoming a nationwide food supply chain business service provider. The supply 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 supply chain industry in China remains subject to high input and low digitalization, 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 supply 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 supply 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 realizing full control over inventories, information and funds along the whole chain.

Details of the current cold storage under the supply chain business are as follows:

Location of warehouses	*Notes*	**Planned and owned storage capacity** *(ton)*	**Operating leasable storage capacity** *(ton)*	**Average occupancy rate for the year ended 31 December** **2022** *(%)*	**2021** *(%)*
Hangu District, Tianjin	*(a)*	75,000	45,000	88.41	59.07
Chengyang District, Qingdao	*(b)*	8,000	8,000	100	50.00
Tianjin Port Area of Tianjin Free Trade Zone[Δ 1]	*(c)*	45,000	45,000	95.00	–
		128,000	98,000		

Δ *A joint venture of the Group*

1 *The Group intends to dispose of this project. For details, please refer to the announcement dated 22 February 2023 of the Company.*

Notes:

(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. 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 the economic downturn on the whole cold chain industry, there was a continuous increase in the cost of all aspects for cold storage and a decrease in the efficiency of shipment and warehousing of goods. As at 31 December 2022, the combined average occupancy rate of the cold chain storage space and freezer was 88.41%. 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. Since the second half of 2021, cooperative operation of business has been carried out with Qingdao Yonghexun Logistics Storage and Transportation Co., Ltd.（青島永和迅物流儲運有限公司）for a term of ten years, with the occupancy rate of the cold storage reaching 100%.

(c) Tianjin Beijing Inland Port Company Limited 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. In the second half of 2022, the project was officially put into operation and the average occupancy rate reached 95.00%.

Details of the agricultural wholesale market under the supply chain business are as follows:

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 31 December 2022, the market had a leasable area of 162,223 sq.m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone, in which the average occupancy rates of the wholesale trading zone and the storage service zone were 84.97% and 79.52% 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.

According to the Quzhou government authorities on the implementation of digital market work requirements, Quzhou agricultural shopping mall project to speed up the new retail upgrade and transformation of professional markets, the realization of online transactions and mobile payment and other new retail mode. In the fourth quarter of 2022, the digital smart agriculture wholesale system was put online for trial operation, and the system is currently under debugging, and the collection of unified settlement transaction commissions will be launched simultaneously after the debugging is completed. In order to effectively revitalize the assets, the operation team has broadened the ideas of investment and strengthened communication with the local government and large enterprises. In the first half of the year, a lease contract has been signed with a well-known enterprise for renting the 7# building of the commercial supporting area, and negotiations with the government department for the overall renting of the 5# and 6# buildings as isolated hotels have continued. The occupancy rate of the commercial supporting area increased to 77.61% in the second half of 2022 from 18.61% at the beginning of the year.

Online services and trading platforms are the main drivers of the Group's supply chain business development, Coldeal (凍品e港) (formerly known as Frozen Products Exchange (凍品交易港)) (www.cciinet.com), version 3.0 (for commercial use), version H5 and App version 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. In November 2022, Beijing Infinity Data Technology Co., Ltd. (北京融界數據科技有限公司) ("Infinity Data") under the Group passed the accreditation and was approved as a high technology enterprise. By the end of 2022, Infinity Data had obtained a total of 35 software copyright registrations. At the same time, the total number of registered users of Coldeal (凍品e港) developed and operated by Infinity Data exceeded 102,556 and 1,041 enterprises opened stores. An annual evaluation of security level protection of system information has been inspected and filed in accordance with the requirements on an annual basis, and the security level of system information was upgraded to level 3 of security protection 2.0. 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 supply 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 supply chain industry chain. Services will be provided to customers 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 2022, Coldeal held the third “828 Frozen Product Exchange Festival” (828凍品交易節) with the theme of “Smoothing the supply chain and serving the upstream and downstream” (捋順供應鏈，服務上下游), adopting the combination mode of offline and online. Except for the general assembly venue in Beijing, China, additional 8 thematic branch venues at home and abroad were set up to carry out synchronized activities. Overseas suppliers, representatives from chambers of commerce, embassies and consulates general as well as domestic buyers gathered together to discuss about the integration, coordination and development of the industry, and to start in-depth dialogues on the development of China’s pre-prepared vegetable market, the current situation of cold chain storage, the measures taken by customs to protect the food safety of imported cold chain, the policies to financial support supply chain, and the current situation of the three major domestic frozen product markets. 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.

3) Industrial Properties

In response to the demand for relocation of high-end manufacturing industries in Shanghai, 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. The Taicang, Jiangsu project as the Group’s first industrial plants project has been incorporated since July 2017, thereafter completed the two Jiaxing, Zhejiang and Changshu, Jiangsu projects in May 2019 and completed the Suzhou, Jiangsu project in April 2020. Currently, except for the Jiaxing, Zhejiang project, all the remaining three projects have fully occupied during 2022. Due to the value of the three projects has been completely nurtured, the Group therefore proposes to sell those projects. Relevant work has gradually been in progress. In particular, the sale of 75% interest in the Taicang, Jiangsu project was completed on 21 October 2022, and the sale of 75% interest in Changshu and Suzhou, Jiangsu projects were completed on 22 December 2022, and therefore the three projects above achieved a gain on disposal of RMB154,046,000 (equivalent to approximately HK$179,555,000).

The the areas and occupancy rates of the industrial plants project still held by the Group are as follows:

Project location	Notes	Planned and owned area	Operating leasable area	Average occupancy rate for the year ended 31 December 2022	2021
		(sq.m.)	(sq.m.)	(%)	(%)
Jiaxing, Zhejiang	(a)	90,113	90,113	74.82	46.86
Changzhou, Jiangsu	(b)	340,882	305,918	–*	–*
		430,995	396,031		

* *Projects under construction*

Notes:

(a) The project has been actively engaged in investment promotion since its completion with an average occupancy rate of 74.82% in 2022. 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.

(b) 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 476,403 sq.m. With a total investment of approximately RMB2,000 million, it will be developed in two phases. Construction of Phase I has been completed and accepted on 30 June 2022 and is actively being leased and sold, with 3,433.73 sq.m. of sale area completed, 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 + 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 has been put on the list of key projects in Jiangsu Province in early 2020, and has been put on the list of provincial-level technology enterprise incubators in Jiangsu Province in 2022. Meanwhile, Jiangsu Sunan Zhicheng was granted the Major Investment Project Award by Tianning District, Changzhou. The saleable portion of the project is expected to commence in the first half of 2023.

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 different 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.

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, with an average age of less than 30 and the aging population of less than 5% of the population, the population of Cambodia offers abundant manpower.

The entry into force of the RCEP agreement during 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 plan of the Sino-Cambodian project.

In addition, there was a state visit by Cambodian Prime Minister Mr. Samdech Techo Hun Sen conducts in China in 2023, upon which, both parties of China and Cambodian published a joint statement of building the China-Cambodian Community of Shared Destiny in the new era, stating that the two countries intend to construct a "Corridor of Fisheries and Grain（魚米走廊）" centered on the Tonle Sap Lake, so as to pursuit to the development of modern ecological agriculture, which aligns to the development of food supply chain business of the Group. Generally, the details of cooperation between China and Cambodian are subject to be disclosed, the Group will actively keep up with the relevant information, further optimize our overall plans for the industry parks, and launch the first phase of construction thereof when appropriate.

In the long run, considering the stable and amicable long-term relation between China and Cambodia, the Group believes that such project will generate stable cash flows to support the business development of the Group.

5) 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 occupancy rate of the owned area of the project was approximately 88.15% during 2022.

(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. The construction is expected to be completed by the end of 2023.

BUSINESS PROSPECTS

In the past, the Group, as a professional property developer, focused on heavy asset investment with high input costs and long payback period, of which the huge expenditure on finance costs directly affected the profitability of the company. Since 2019, the Group has made two business transformation. First, the Group has gradually withdrawn from the pan-property development field, and continues to promote the disposal of assets of mature projects to achieve the multiple objectives of capital recovery, profit realization and debt reduction. Secondly, we will further develop our supply chain industry. The impact of the shrinking demand aggravates the survival pressure of the catering enterprises, the demand for cost reduction further increases, and the penetration rate of industrialization in the field of catering supply further increases. The optimization of the country's policy, the resumption of travel activities, the confidence of residents' income tends to stabilize, and the offline catering consumption is expected to revive, which will also drive the development of the catering supply chain industry, and the Group will transform into a food supply chain service provider based on our existing cold storage resources and Internet platform. We are committed to empowering traditional industries with technological means, gradually participating in the food supply chain business, which is one of the necessities of people's livelihood, from the single cold chain warehousing business to the long-term profit by significantly increasing the proportion of service revenue and ensuring healthy capital flow, changing the past dilemma of long-term backlog of capital and inability to revitalize cash flow.

The domestic cold chain logistics is undergoing rapid development. With the gradual lifting of the restrictive policies of the country, and the accelerated rebound of social and economic vitality, and the huge market potential of fresh food as an essential product in people's daily life, China's cold chain industry is expected to usher in a golden period of development. The Group will seize the opportunity, based on its high-quality cold chain projects, striving to create a leading comprehensive service platform for the imported frozen product industry – "Coldeal", and further to expand the cold chain businesses throughout upstream and downstream, namely forming "supply chain to platform to business" (S2B) + "Online to Offline" (O2O) business models featuring online with Coldeal as the core, and the offline with cold chain storage, processing and logistics as the core. Based on Internet technology, the platform provides communication and online trading services for overseas high-quality suppliers and domestic buyers through the front-end "Coldeal" and official account, the middle range enterprise ERP center, and the back-end CCII Big Data, and provides centralized procurement services for frozen products for customers such as restaurants, hotels, community convenience stores and supermarkets. By the end of 2022, the registered users and the amount of online transactions of the Group's self-developed Coldeal platform had exceeded 100,000 and RMB200 million respectively, and the online mall had been commercialized. At the same time, Coldeal has followed the pace of digitalization of the industry and contacted relevant banks for "cloud warehouse" business to strengthen the supervision of goods, logistics, business flows and capital flow, so as to be a strong support to provide online supply chain services for customers. In addition, Coldeal has collected information from cold storage in various cities and launched a brand new cold storage segment to support the function of recommending cold storage nearby and locating cold storage. At present, Coldeal has aggregated 3,423 cold storage information in China, with a total cold storage area of 1,383.6 million sq.m., covering 309 cities in China.

On such basis, the cold chain segment of the Group is actively expanding its business in the cold chain industrial park, leveraging on its several years of experience in cold chain management and operating resources, focusing on cold chain industrial park operation and management consulting, developing heavy asset project management services and expanding light asset operation business. The core of the business is to carry out intelligent management of the cold chain industrial park through the overall solution of CCII Wisdom Cold Chain Industrial Park (中冷智慧冷鏈產業園), with the help of CCII self-developed enterprise middle platform management system and cold chain warehousing WMS system of the CCII SAAS cold products, which is based on the circulation service as the core, from centralized trading, centralized processing, centralized warehousing, centralized cold chain, food safety and traceability, and supply chain financial services as a whole, to further build a comprehensive service platform for the cold chain industrial park by dividing the corresponding service contents and licenses by sub-systems.

In the future, the Group will reduce its reliance on heavy assets and the speed of investment, 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 2022 amounted to approximately HK$1,313.14 million, representing an increase of approximately HK$602.32 million or 84.74%, from approximately HK$710.82 million for the year ended 31 December 2021. The gross profit for the year ended 31 December 2022 amounted to approximately HK$466.79 million, representing an increase of approximately HK$20.09 million, or 4.50% from approximately HK$446.70 million for the year ended 31 December 2021.

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

Name of assets	**2022** Revenue	**2022** GP Margin	2021 Revenue	2021 GP Margin	Change Revenue	Change GP Margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
High-end and modern general warehouses						
Shanghai	**53,737**		62,262		(8,525)	
Tianjin	**31,397**		33,662		(2,265)	
Xiamen	**29,652**		27,974		1,678	
Meishan	**10,579**		12,494		(1,915)	
Hainan	**12,225**		16,829		(4,604)	
Jiangsu	**49,173**		37,550		11,623	
Tongliao	**3,227**		2,523		704	
	189,990	**89.02**	193,294	92.73	(3,304)	(3.71)
Cold chain logistics warehouses						
Tianjin	**82,174**		73,443		8,731	
Qingdao	**3,064**		2,434		630	
	85,238	**46.49**	75,877	40.11	9,361	6.38
Trading business						
Hong Kong	**–**		2,106		(2,106)	
Beijing	**748,171**		184,261		563,910	
	748,171	**2.21**	186,367	3.14	561,804	(0.93)

	2022		2021		Change	
Name of assets	**Revenue**	**GP Margin**	Revenue	GP Margin	Revenue	GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Specialised wholesale markets						
Quzhou Tongcheng	**32,365**	**69.02**	33,370	70.43	(1,005)	(1.41)
Industrial properties						
Zhejiang	**110,763**		119,705		(8,942)	
Jiangsu	**66,189**		12,915		53,274	
	176,952	**92.52**	132,620	93.66	44,332	(1.14)
Commercial properties						
Guangzhou	**33,446**		40,741		(7,295)	
Beijing	**46,973**		48,548		(1,575)	
	80,419	**96.69**	89,289	96.94	(8,870)	(0.25)
The Group	**1,313,135**	**35.55**	710,817	62.84	602,318	(27.29)

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2022 amounted to approximately HK$189.99 million, representing a decrease of approximately HK$3.30 million or 1.71% from approximately HK$193.29 million for the year ended 31 December 2021. The decrease was primarily attributable to the (i) decrease in average occupancy rate in Hainan and Meishan; and (ii) provision of rental concessions to the tenants in Shanghai. The gross profit margin slightly decrease from approximately 92.73% for the year ended 31 December 2021 to approximately 89.02% for the year ended 31 December 2022.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2022 amounted to approximately HK$85.24 million, representing an increase of approximately HK$9.36 million or 12.34% from approximately HK$75.88 million for the year ended 31 December 2021. The increase was primarily attributable to the increase in average occupancy rate in Tianjian and Qingdao. The gross profit margin increased from approximately 40.11% for the year ended 31 December 2021 to approximately 46.49% for the year ended 31 December 2022.

Trading business

The revenue contribution of trading business for the year ended 31 December 2022 amounted to approximately HK$748.17 million, representing an increase of approximately HK$561.80 million or 301.44% from approximately HK$186.37 million for the year ended 31 December 2021. The increase was primarily attributable to the supply chain development which provides integrated logistics services for high-value imported meat and aquatic products.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2022 amounted to approximately HK$32.37 million, representing a decrease of approximately HK$1.00 million, or 3.00%, from approximately HK$33.37 million for the year ended 31 December 2021. The decrease in revenue was attributable to the depreciation of RMB even though the average occupancy rate increased.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2022 amounted to approximately HK$176.95 million, representing an increase of approximately HK$44.33 million or 33.43% from approximately HK$132.62 million for the year ended 31 December 2021. The increase was attributable to (i) the increase in average occupancy rate of Jiaxing; and (ii) sales of properties in Changzhou.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2022 amounted to approximately HK$80.42 million, representing a decrease of approximately HK$8.87 million or 9.93% from approximately HK$89.29 million for the year ended 31 December 2021. The decrease was primarily attributable to the decrease in average occupancy rate in Guangzhou.

Changes in fair value of investment properties, net

For the year ended 31 December 2022, net fair value gain of investment properties was approximately HK$41.23 million, the gain was mainly attributable to the fair value changes of properties located in the Shanghai, Xiamen, Tianjin and Zhejiang.

Gain on disposal of subsidiaries

For the year ended 31 December 2022, gain on disposal of subsidiaries was approximately HK$594.97 million, which represented the disposal of 5 projects in Beijing, Taicang, Suzhou and Changshu.

Other income and gains, net

For the year ended 31 December 2022, net other income and gains were approximately HK$56.25 million, which represented an increase of approximately HK$14.54 million, or 34.86%, from approximately HK$41.71 million for the year ended 31 December 2021. The increase in net other income and gains was primarily related to the one-off deposit received from a potential buyer for industrial projects.

Selling and distribution expenses

For the year ended 31 December 2022, selling and distribution expenses were approximately HK$7.57 million, which represented an increase of approximately HK$1.35 million, or 21.70%, from approximately HK$6.22 million for the year ended 31 December 2021. The increase in selling and distribution expenses was primarily related to the staff cost of sales team for trading business.

Administrative expenses

For the year ended 31 December 2022, administrative expenses were approximately HK$214.28 million, which represented an increase of approximately HK$23.18 million, or 12.13%, from approximately HK$191.10 million for the year ended 31 December 2021. The increase in administrative expenses was primarily related to the legal and professional fee for the disposal of subsidiaries.

Other expenses

For the year ended 31 December 2022, other expenses were approximately HK$25.64 million, which represented an increase of approximately HK$11.16 million, or 77.07%, from approximately HK$14.48 million for the year ended 31 December 2021. The increase in other expenses was primarily related to the foreign exchange differences in 2022.

Finance costs

For the year ended 31 December 2022, finance costs were approximately HK$612.45 million, representing an increase of approximately HK$14.63 million, or 2.45%, from approximately HK$597.82 million for the year ended 31 December 2021. The increase in finance costs was primarily related to the increase in HIBoR and LIBoR rate during the year.

Share of profits of joint ventures

For the year ended 31 December 2022, the share of profits of joint ventures of approximately HK$18.37 million was mainly contributed by Tianjin Beijing Inland Port Company Limited ("TBIPL"). The decrease in sharing profits and losses of joint ventures was primarily related to the fair value increment in investment properties of Beijing Inland Port Co., Ltd ("BIPL") in 2021.

Share of losses of associates

For the year ended 31 December 2022, the share of losses of associates of approximately HK$47.18 million was mainly contributed by share the results of Beijing Health (Holdings) Limited, a listed company on The Stock Exchange of Hong Kong Limited.

Income tax expense

Income tax expense for year ended 31 December 2022 included current income tax of HK$156.68 million. Deferred tax expense for the year ended 31 December 2022 was HK$59.50 million which arose from the change in the fair value of investment properties.

Investment properties

Investment properties decreased by approximately HK$3,835.95 million, which was mainly due to the net effect of (i) the construction of logistics warehouse of HK$14.10 million; (ii) the increase in fair value of HK$41.23 million for the year ended 31 December 2022; (iii) the transfer of HK$3,239.21 million to assets of disposal group classified as held for sale; and (iv) the exchange realignment of HK$652.07 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$4.49 million, which was mainly due to the net effect of (i) share of profits of HK$18.37 million for the year ended 31 December 2022; and (ii) the exchange realignment of HK$23.40 million.

Interests in associates

Interests in associates decreased by approximately HK$92.88 million, mainly due to the net effect of (i) share of losses of HK$47.18 million for the year ended 31 December 2022; (ii) share of reserves of HK$22.67 million; and (iii) the exchange realignment of HK$23.03 million.

Equity investments at fair value through other comprehensive income

Equity investment increased by approximately HK$0.29 million, mainly due to the increase in fair value of CAQ during the year.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represented the remaining 10% shareholding of BIPL.

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 or held for sale

Properties under development or held for sale mainly represented properties located in Jiangsu for the industrial property business.

Cash and cash equivalents

Cash and cash equivalents decreased by HK$354.59 million, mainly due to the net effect of (i) proceeds from disposal of subsidiaries of HK$2,455.66 million; (ii) net repayment of bank and other borrowings of HK$912.62 million; (iii) repurchase of guaranteed bonds of HK$182.89 million; (iv) interest paid of HK$587.80 million; (v) net cash used in operation of HK$609.59 million; (vi) settlement for the construction cost of investment properties of HK$125.54 million; (vii) dividend paid to non-controlling equity holders of HK$91.17 million; and (viii) settlement of funding granted by Beijing Enterprises City Development Group Limited ("BE City", the intermediate holding company of the Company) of HK$407.96 million.

Held for sale

Held for sale represented assets and liabilities of disposal groups from 6 logistic groups. 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 groups are classified into held for sale as at 31 December 2022. For more details, please refer to (i) the announcements of the Company dated 18 March 2022; and (ii) the circular of the Company dated 3 August 2022.

Due to other related parties

Due to other related parties decreased by HK$289.53 million (non-current portion decreased by HK$12.00 million and current portion decreased by HK$277.53 million), mainly due to the net effect of (i) settlement of funding granted by BE City of HK$407.96 million; (ii) settlement of interest payable to a loan from Beijing Enterprises City Development Limited ("BE City Development", a fellow subsidiary of the Company) of HK$48.54 million; and (iii) reclassification of funding granted by BE City Development from bank and other borrowings of HK$245.16 million.

Bank and other borrowings

Bank and other borrowings decreased by HK$1,684.50 million (non-current portion decreased by HK$1,027.55 million and current portion decreased by HK$656.95 million), mainly due to the net effect of (i) utilizing to finance for the construction and operation of projects in the PRC of HK$633.79 million; (ii) settlement of funding granted from BE City Development of HK$699.36 million and the remaining balance of HK$245.16 million transferred to due to other related parties; (iii) settlement of bank and other borrowings of HK$858.55 million; and (iv) disposal of subsidiaries with bank and other borrowings of HK$704.35 million.

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 bonds with a par value of USD10.30 million and USD 23.90 million in 2021 and 2022, respectively.

Liquidity and financial resources

As at 31 December 2022, for accounting purposes, the Group had total borrowings of approximately HK$8,881.78 million (31 December 2021: approximately HK$10,728.07 million) which included: (i) approximately HK$3,306.21 million from bank and other borrowings; and (ii) approximately HK$5,575.57 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 170.89% (31 December 2021: approximately 168.80%).

As at 31 December 2022, the Group's balance of bank and other borrowings amounted to approximately HK$3,306.21 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 26.97%, 23.36% and 49.67%, respectively. 51.66% of these bank and other borrowings was repayable less than one year. As at 31 December 2022, the Group's cash and bank balances amounted to approximately HK$739.34 million, which were denominated in USD, HK$ and RMB as to 31.01%, 1.54% and 67.45%, respectively. Bank and other borrowings of an aggregate amount of HK$3,284.06 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 2022, the Group's current ratio and quick ratio were approximately 76.79% and 52.39%, respectively (31 December 2021: approximately 131.25% and 97.31%, respectively).

The net total borrowings of the Group as at 31 December 2022 (total borrowings less cash and cash equivalents and restricted cash) was HK$8,142.44 million (31 December 2021: HK$9,539.79 million), representing a decrease of HK$1,397.35 million as compared to the previous year.

Contingent liabilities

As at 31 December 2022, the Group had no contingent liabilities (31 December 2021: Nil).

Capital expenditures

For the year ended 31 December 2022, the Group spent approximately HK$22.59 million (For the year ended 31 December 2021: approximately HK$141.46 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 2022 the Group had outstanding contracted capital commitments amounted to approximately HK$776.63 million in aggregate which comprised commitments for:

– the outstanding construction costs of approximately RMB577.74 million (equivalent to approximately HK$653.89 million) committed for warehouse facilities.

– the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$118.84 million) payable for Beijing Enterprises City Investment Holdings Group Co., Ltd. ("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 2022, 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 2022, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2022, the Group had bank loans with principal amounts of approximately HK$1,942.51 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 2022, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2022, the Group had a total of 525 (2021: 508) employees. Total staff cost incurred for the year ended 31 December 2022 amounted to approximately HK$104.49 million (2021: approximately HK$104.41 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 2022, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements which indicates that as at 31 December 2022, the Group had net current liabilities of HK$2.25 billion, which included the net assets of disposal groups classified as held for sale of HK$2.51 billion, and the Group's current portion of bank and other borrowings and guaranteed bonds in aggregate of HK$7.3 billion which are due to be settled with one year from the end of the reporting period. This condition, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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$23,902,000 (the "Repurchased Bonds") in the open market during the period from 28 October 2022 to 19 December 2022, representing approximately 3.19% 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$715,798,000, representing 95.44% 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 2022.

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 2022.

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 2022, except as disclosed below.

Under code provision C.5.1, 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 C.5.1. 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 C.1.6, 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 ended 31 December 2022, not all independent non-executive directors attended every general meeting of the Company due to other business engagements, which deviates from code provision C.1.6. Nevertheless, the Company considers that the independent non-executive Directors and the board committees were able to develop a balanced understanding of the views of shareholders on the grounds that (i) most of the independent non-executive Directors attended over half of the general meetings during the year; and (ii) Mr. Goh Gen Cheung, being the chairman of the Audit Committee and Remuneration Committee, and Mr. James Chan, being the chairman of the Nomination Committee, attended all general meetings during the year.

Under code provision F.2.2, the chairman of the board should attend the Annual General Meeting and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. However, the chairman of the board was unable to attend the annual general meeting held on 15 June 2022 (the "2022 AGM") due to his 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 2022 AGM.

The Board reviews the Company's corporate governance practices from time to time to ensure its compliance with the CG Code and proper disclosure is made in the corporate governance report.

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 2022 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 2022, 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 2022 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 and consequently no opinion or assurance conclusion 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 2022 annual report of the Company will be dispatched to the shareholders of the Company in April 2023 and available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 30 March 2023

As at the date of this announcement, Mr. Qian Xu, Mr. Zhao Jiansuo, Mr. Siu Kin Wai, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Cheng Ching Fu, Mr. Yu Luning, Mr. Ng Kin Nam and Mr. Ren Lin 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.