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 2023

HIGHLIGHTS

Revenue increased by approximately RMB342.39 million to RMB1,468.34 million for the year ended 31 December 2023, representing an increase of approximately 30.41%, as compared to that of approximately RMB1,125.95 million for the year ended 31 December 2022.

Gross profit decreased by approximately RMB165.72 million to RMB234.10 million for the year ended 31 December 2023, representing a decrease of approximately 41.45%, as compared to that of approximately RMB399.82 million for the year ended 31 December 2022.

Consolidated loss attributable to shareholders of the Company for the year ended 31 December 2023 increased by approximately RMB830.44 million to RMB901.41 million, as compared to that of approximately RMB70.97 million for the year ended 31 December 2022.

Basic and diluted loss per share for the year were RMB12.93 cents each.

Net assets value per share attributable to shareholders of the Company was approximately RMB0.24 as at 31 December 2023.

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 2023, together with comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000* (Restated)
REVENUE	3	**1,468,336**	1,125,947
Cost of sales and services		**(1,234,240)**	(726,126)
Gross profit		**234,096**	399,821
Changes in fair value of investment properties, net		**(280,487)**	35,376
Gain on disposal of subsidiaries		**465**	545,995
Other income and gains, net	4	**55,236**	48,243
Selling and distribution expenses		**(15,762)**	(6,492)
Administrative expenses		**(130,670)**	(185,226)
Other expenses, net		**(12,450)**	(27,564)
Finance costs	5	**(474,288)**	(525,271)
Share of profits and losses of:			
Joint ventures		**(15,004)**	15,602
Associates		**(285,783)**	(40,478)
(LOSS)/PROFIT BEFORE TAX	6	**(924,647)**	260,006
Income tax credit/(expense)	7	**14,764**	(196,493)
(LOSS)/PROFIT FOR THE YEAR		**(909,883)**	63,513
Attributable to:			
Shareholders of the Company		**(901,406)**	(70,973)
Non-controlling interests		**(8,477)**	134,486
		(909,883)	63,513
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted		**(RMB12.93 cents)**	(RMB1.02 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
(LOSS)/PROFIT FOR THE YEAR	**(909,883)**	63,513
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences		
Translation of foreign operations	**(128,735)**	(299,653)
Disposal of subsidiaries	**20,699**	16,969
– Share of other comprehensive loss of:		
Associates	**5,676**	7,435
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(102,360)**	(275,249)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
– Exchange differences of translation	**(5,071)**	31,955
– Changes in fair value of an equity investment at fair value through other comprehensive income, net of income tax of nil	**(7,718)**	651
– Actuarial losses of defined benefit plans	**(350)**	(20)
– Share of other comprehensive loss of associates	**(8,627)**	(2,882)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(21,766)**	29,704
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX OF NIL	**(124,126)**	(245,545)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,034,009)**	(182,032)
Attributable to:		
Shareholders of the Company	**(1,044,689)**	(359,808)
Non-controlling interests	**10,680**	177,776
	(1,034,009)	(182,032)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000* (Restated)	1 January 2022 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**433,478**	436,691	447,891
Investment properties		**3,467,683**	4,089,995	6,905,754
Right-of-use assets		**57,782**	60,368	62,954
Goodwill		**91,953**	89,549	138,342
Interests in joint ventures		**70,936**	204,736	193,422
Interests in associates		**227,376**	515,909	544,376
Equity investments at fair value through other comprehensive income		**11,254**	18,702	17,034
Deposits		**–**	–	8,450
Land held for development or sale		**3,705,151**	3,673,608	3,393,691
Pledged and restricted bank deposits		**–**	–	805
Total non-current assets		**8,065,613**	9,089,558	11,712,719
CURRENT ASSETS				
Properties under development for sale		**22,138**	19,419	1,477,860
Properties held for sale		**1,720,614**	1,699,202	80,832
Inventories		**316,911**	374,921	55,881
Trade receivables	10	**90,333**	99,086	73,848
Prepayments, deposits and other receivables		**250,236**	548,300	196,460
Due from joint ventures		**5,046**	4,977	47,187
Financial assets at fair value through profit or loss		**–**	180,000	–
Pledged and restricted bank deposits		**9,090**	5,837	81,558
Cash and cash equivalents		**366,010**	647,403	887,037
		2,780,378	3,579,145	2,900,663
Assets of disposal groups classified as held for sale		**2,757,091**	3,008,558	3,345,145
Total current assets		**5,537,469**	6,587,703	6,245,808

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade payables	11	**136,867**	212,834	539,401
Other payables and accruals		**494,036**	595,541	509,221
Due to other related parties		**503,623**	233,930	442,401
Bank and other borrowings		**898,317**	1,509,028	1,929,263
Guaranteed bonds	12	**–**	4,926,286	–
Income tax payables		**58,744**	103,648	39,612
Provision for compensation	13	**201,357**	203,077	203,839
		2,292,944	7,784,344	3,663,737
Liability directly associated with the assets of disposal groups classified as held for sale		**495,504**	794,429	1,094,024
Total current liabilities		**2,788,448**	8,578,773	4,757,761
NET CURRENT ASSETS/ (LIABILITIES)		**2,749,021**	(1,991,070)	1,488,047
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,814,634**	7,098,488	13,200,766
NON-CURRENT LIABILITIES				
Due to a joint venture		**176,809**	176,809	176,809
Due to other related parties		**–**	54,278	59,908
Bank and other borrowings		**6,533,100**	1,412,165	2,142,159
Guaranteed bonds	12	**–**	–	4,680,539
Deferred revenue		**19,946**	70,759	72,295
Defined benefit obligations		**7,810**	11,559	11,727
Deferred tax liabilities		**1,073,192**	1,162,309	1,453,328
Total non-current liabilities		**7,810,857**	2,887,879	8,596,765
Net assets		**3,003,777**	4,210,609	4,604,001

	Note	**31 December 2023**	31 December 2022	1 January 2022
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	14	**566,979**	566,979	566,979
Reserves		**808,678**	1,853,166	2,212,743
		1,375,657	2,420,145	2,779,722
Non-controlling interests		**1,628,120**	1,790,464	1,824,279
Total equity		**3,003,777**	4,210,609	4,604,001

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1.1 BASIS OF PRESENTATION

At 31 December 2023, the Group had net current assets of RMB2.7 billion, which included the net assets of disposal groups classified as held for sale of RMB2.3 billion, and incurred a net loss of RMB910 million for the year then ended. There are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's current portion of bank and other borrowings 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 2024, the Group has received the consideration of RMB402 million upon the completion of some disposal projects;

(ii) 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 the Company's circular dated 3 August 2022) and certain commercial properties in Jiangsu;

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

(iv) a fellow subsidiary of the Company has agreed not to demand repayment of the amounts due to it until such time when the Group is in a position to repay without impairing its liquidity and financial position; and

(v) should the Group fails to further dispose the Group's properties or fail to obtain additional banking facilities as set out in (ii) and (iii) above, the Group plans to utilise standby facilities provided by Beijing Enterprises Group Company Limited ("BE Group"), the ultimate controlling shareholder of the Company in accordance with the keepwell and liquidity support deeds signed between the Group, BE Group and certain banks for the repayment of the loans due to those banks.

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; or failing which, (iii) obtaining standby facilities from BE Group.

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 not be obtained and standby facilities from BE Group not be provided, 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 Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Change of functional currency of the Company

The Company changed its functional currency from United States dollar ("US$") to RMB from 31 December 2023. The reason for the change in functional currency of the Company was after taking into consideration of, inter alia, the facts that (i) majority of the Company's cash flows arose from investing and financing activities which have been predominately transacted in RMB since the second half of 2023, including recent debt financing activities; and (ii) the Company had comparatively less cash flows denominated in US$.

The change in functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21 *The Effect of Changes in Foreign Exchange Rates*.

Change of presentation currency

The Company's presentation currency for its consolidated financial statements has been changed from Hong Kong dollar to RMB. Taking into account that most of the Group's transactions and assets and liabilities are denominated and settled in RMB, the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. The Board considers that it is more appropriate to use RMB as the presentation currency for the Group's consolidated financial statements.

The change in presentation currency of the consolidated financial statements of the Group has been accounted for in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if RMB had always been the presentation currency of the consolidated financial statements. The Group has also presented the consolidated statement of financial position as at 1 January 2022 without related notes.

The following methodology was adopted to restate the comparative figures including those in the notes to financial statements, which were originally reported in HK$:

(i) income and expenses denominated in non-RMB currencies were translated at the average rates of exchange prevailing at the dates of transactions;

(ii) significant disposal of subsidiaries were translated at the spot rates prevailing on the date of the disposals;

(iii) assets and liabilities denominated in non-RMB currencies were translated at the rates of exchange at the end of the reporting periods;

(iv) issued capital and other reserves were translated at the applicable historical rates of exchange; and

(v) all resulting exchange differences were recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. 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

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Asset and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

(e) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively with earlier application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa.

The Group early adopted the 2020 Amendments and 2022 Amendments from 1 January 2023 and in accordance with the transition provisions of the amendments, the Group adopted the amendments retrospectively. The Group had assessed the impact of the amendments and based on the assessment, the amendments have no material impact on the Group's financial statements.

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.

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)
Segment revenue:												
Sales to external customers	**74,883**	68,994	**180,534**	263,453	**80,724**	151,626	**1,132,195**	641,874	**–**	–	**1,468,336**	1,125,947
Change in fair value of investment properties, net	**(218,214)**	(2,459)	**(45,273)**	(13,165)	**(17,000)**	51,000	**–**	–	**–**	–	**(280,487)**	35,376
Segment results:												
The Group	**(172,569)**	28,310	**63,711**	127,583	**9,038**	164,100	**(53,273)**	(698)	**(1,150)**	(1,010)	**(154,243)**	318,285
Share of profits and losses of:												
Joint ventures	**–**	–	**(15,004)**	15,602	**–**	–	**–**	–	**–**	–	**(15,004)**	15,602
Associates	**(45,826)**	(41,580)	**–**	–	**–**	–	**–**	–	**(239,957)**	1,102	**(285,783)**	(40,478)
	(218,395)	(13,270)	**48,707**	143,185	**9,038**	164,100	**(53,273)**	(698)	**(241,107)**	92	**(455,030)**	293,409
Reconciliation:												
Gain on disposal of subsidiaries											**465**	545,995
Gain on disposal of a joint venture											**26,988**	–
Foreign exchange differences, net											**2,498**	(15,885)
Bank interest income											**11,674**	9,395
Other interest income											**68**	1,692
Finance costs											**(474,288)**	(525,271)
Corporate and other unallocated income and expenses, net											**(37,022)**	(49,329)
(Loss)/profit before tax											**(924,647)**	260,006

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)
Other segment information												
Depreciation of property, plant and equipment:												
Segment assets	**2,814**	2,822	**8,242**	8,973	**293**	703	**419**	454	**–**	–	**11,768**	12,952
Reconciliation:												
Corporate and other unallocated assets											**2,403**	2,476
											14,171	15,428
Depreciation of right-of-use assets	**1,744**	1,744	**842**	842	**–**	–	**–**	–	**–**	–	**2,586**	2,586
Provision for compensation, net	**2,959**	3,154	**–**	–	**–**	–	**–**	–	**–**	–	**2,959**	3,154
Interests in joint ventures	**–**	–	**70.936**	204,736	**–**	–	**–**	–	**–**	–	**70,936**	204,736
Interests in associates	**227,376**	275,952	**–**	–	**–**	–	**–**	–	**–**	239,957	**227,376**	515,909
Capital expenditure*:												
Segment assets	**7,106**	2,720	**11,657**	13,760	**270**	441	**4,664**	3,251	**–**	–	**23,697**	20,172
Corporate and other unallocated assets											**778**	63
											24,475	20,235

* Capital expenditure consists of additions of items of property, plant and equipment and investment properties.

Geographical information

Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Chinese Mainland	**1,468,336**	1,125,947

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

Information about a major customer

During the years ended 31 December 2023 and 2022, the Group had no single external customer which contributed over 10% of the Group's total revenue for each of the year.

3. REVENUE

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Logistics and other ancillary services	**25,784**	74,142
Property management fee	**23,118**	42,676
Sales of frozen products	**1,132,194**	641,874
Sales of properties	**43,277**	35,796
Gross rental income	**243,963**	331,459
Total revenue	**1,468,336**	1,125,947

4. OTHER INCOME AND GAINS, NET

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Other income		
Bank interest income	**11,674**	9,395
Other interest income	**68**	1,692
Government grants*	**4,053**	7,459
Gain on disposal of joint venture	**26,988**	–
Others	**9,955**	29,697
	52,738	48,243
Gains, net		
Foreign exchange differences, net	**2,498**	–
Other income and gains, net	**55,236**	48,243

* The government grants recognised during the years ended 31 December 2023 and 2022 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 Chinese Mainland.

5. FINANCE COSTS

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Interest on bank and other borrowings	**421,718**	229,829
Interest on loans from related parties	**744**	1,099
Interest on guaranteed bonds	**51,826**	315,685
Total finance costs	**474,288**	546,613
Less: Amount capitalised in properties under development for sale	**–**	(21,342)
	474,288	525,271

6. PROFIT/(LOSS) BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Direct cost of rental income	**22,745**	23,959
Cost of services provided	**36,291**	52,024
Cost of sale of properties	**28,064**	22,444
Cost of goods sold	**1,147,140**	627,699
Depreciation of property, plant and equipment	**14,171**	15,428
Less: Amount associated with disposal group classified as held for sale	**(168)**	(571)
	14,003	14,857
Less: Amount included in cost of sales and services	**(8,328)**	(8,371)
	5,675	6,486
Depreciation of right-of-use assets	**2,586**	2,586
Lease payments that not included in the measurement of lease liabilities	**6,284**	4,757
Loss on disposal of items of property, plant and equipment*	**460**	462
Gain on early redemption of guaranteed bonds	**–**	(3,040)
Impairment of investments in associates**	**210,300**	28,312
Employee benefit expense (including director's remuneration)		
Salaries, allowances and benefits in kind	**68,116**	70,694
Defined contribution scheme contributions	**21,343**	18,599
Cost of defined benefit plans	**(2,121)**	450
	87,338	89,743
Less: Amount included in cost of sales and services	**(24,045)**	(11,176)
	63,293	78,567
Provision for compensation, net*	**2,959**	3,154

* This item is included in "Other expenses, net" on the face of the consolidated statement of profit or loss.

** This item is included in "Share of profits and losses of associates" 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:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current – Hong Kong	**–**	–
Current – Chinese China		
Charge for the year	**38,510**	146,125
Over provision in prior years	**(5,124)**	(8,131)
Withholding tax on interest income from intercompany loans	**–**	2,229
Deferred	**(48,150)**	56,270
Total income tax (credit)/expense for the year	**(14,764)**	196,493

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (2022: 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 2023 and 2022, 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, service fees receivable from customers of the Group's logistics centres and receivable from customers of trading business. The various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. 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 collateralised by the security deposits paid by the relevant customers.

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

	2023 *RMB'000*	2022 *RMB'000* (Restated)
Billed:		
Within one month	**6,905**	3,467
One to three months	**679**	3,213
Over three months	**540**	427
	8,124	7,107
Unbilled	**82,209**	91,979
	90,333	99,086

There was no movement in loss allowance for impairment of trade receivables during the year ended 31 December 2023 and 2022.

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:

	2023 *RMB'000*	2022 *RMB'000* (Restated)
Billed:		
Within one month	**2,535**	1,494
One to three months	**–**	9
Over three months	**30**	5,601
	2,565	7,104
Unbilled	**134,302**	205,730
	136,867	212,834

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

12. GUARANTEED BONDS

	2023 *RMB'000*	2022 *RMB'000* (Restated)
5.95% guaranteed bond due 2023	**–**	4,926,286

Note:

The Group's guaranteed bonds as at 31 December 2022 were all denominated in US$ and guaranteed by the Company, and interest thereon payable semi-annually in arrears. In February 2023, the bonds were fully repaid by the Group.

13. PROVISION FOR COMPENSATION

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
At 1 January	**203,077**	203,839
Addition of provision	**2,959**	3,154
Settlement during the year	**(4,679)**	(3,916)
At 31 December	**201,357**	203,077

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 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 yet 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 provision 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 amount of compensation cost that the Group may incur would be RMB201,357,000 (2022: RMB203,077,000) as at 31 December 2023.

14. SHARE CAPITAL

Shares

	2023	2022
	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 (2022: 6,969,331,680) ordinary shares of HK$0.10 each	**696,933**	696,933
Equivalent to RMB'000	**566,979**	566,979

15. CAPITAL COMMITMENTS

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Contracted, but not provided for:		
Capital injection into an associate	**105,000**	105,000
Capital contribution to a joint venture	**3,446**	3,446
Construction of logistic facilities and industrial plants	**581,542**	577,743
Total capital commitments	**689,988**	686,189

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2023, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately RMB901.41 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately RMB70.97 million recorded for the year ended 31 December 2022.

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 from a combination of negative factors including the change in the country's operating system, trade wars, pandemic, fierce geographical conflicts and rising interest rates, and the sales of two assets of the logistics warehouse and three assets of the industrial plants were finally completed only in 2022. However, the timing delay has resulted in continued increases in finance costs and declines in asset prices during the period, 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 stop making new investments in the heavy asset business and dispose of it gradually, 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 improve 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 priority for disposal. The Group completed the disposal of 90% interest of the Tongzhou District, Beijing project on 6 June 2022 and the disposal of the remaining 10% interest on 10 August 2023, with capital recovery of approximately RMB180,000,000. The disposals of the Tong'an District, Xiamen project and the Chengmai District, Hainan project have completed on 10 October 2023, with capital recovery of approximately RMB386,000,000. The disposals of 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 and the Jiaozhou City, Qingdao project under that category with the total area of approximately 430,000 sq.m. are also under planning in an orderly manner.

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 2023** *(%)*	2022 *(%)*
Pudong District, Shanghai[1]	*(a)*	211,555	211,555	**60.09**	54.78
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)[1]	*(b)*	57,670	57,670	**37.43**	95.12
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)[1]	*(c)*	16,083	16,083	**100**	100
Dongpo District, Meishan	*(d)*	97,809	97,809	**62.33**	60.27
Ke'erqin District, Tongliao	*(e)*	31,113	31,113	**81.41**	80.98
Jiaozhou, Qingdao[2]	*(f)*	145,170	–	**–***	–*
		559,400	414,230		

*	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 the 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 2023, 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 2023, the overall occupancy rate of the project was 58.62%, remaining flat overall.

(b) Tianjin Transwell International Logistics Co., Ltd. ("**WSL Logistics**"), the Tianjin (Tianjin Airport Zone) warehouse, remained the sole secondary warehouse supervised by Customs within the Tianjin Binhai International Airport area. The original client of Transwealth Logistics (Tianjin) Co., Ltd. ("**Transwealth Logistics**") fully surrendered the lease in February 2023 due to business restructuring and paid compensation to offset the rent accrued up to mid August. As a result of the significant drop in local imports and exceptionally fierce competition between peers during the same period, the lease market in Tianjin City as a whole was on a significant downward trend and there were few new clients on the market. In addition, due to the functional structure limit of Transwealth Logistics, it failed to secure any suitable tenant and conclude any lease agreement so far. The average occupancy rate of Phase I and II of Transwealth Logistics and WSL Logistics in 2023 was 37.43%.

(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 2023, with stable revenue.

(d) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leasable area of approximately 97,809 sq.m. Given the development of the industry over the same period of time, a number of warehouses in the vicinity have been completed and put on the market, the vacancy rate increased significantly year-on-year. The current de-leasing pressure in the market is significant, and the occupancy rate as of the end of December 2023 stood at 53.21%.

(e) 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 2023, 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 2023 was 81.41%.

(f) 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 the Qingdao Jiaodong International Airport. 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 RMB760 million. The project started in March 2020 but has been suspended during the COVID-19 pandemic and preparatory work for resumption is still underway and it is expected to be completed by the first quarter of 2025.

(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 community, the demand for quality food is growing rapidly every year. However, due to the lack of reform in the industry during the past period, 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. The disposal of Tianjingang Project, a joint venture of the Group, was completed on 7 December 2023 with a capital recovery of approximately RMB146,000,000.

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 2023 (%)	2022 (%)
Hangu District, Tianjin[1]	*(a)*	75,000	45,000	**59.90**	88.41
Chengyang District, Qingdao	*(b)*	8,000	8,000	**100**	100
		83,000	53,000		

[1] The Group intends to dispose of this project. For details, please refer to the announcement dated 1 June 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. Due to changes in the market environment, the Company intends to adjust the plan for Phase II of the project to promote the project establishment, construction and development with the strategic plan of taking "central kitchen processing of prefabricated dishes as the main and storage as the auxiliary". Phase II is planned to take the "prefabricated dishes industrial park" as the project application, the construction of which contains 6 independent processing plants, 1 office building and 1 comprehensive service building, with a gross floor area of 29,856 sq.m. (the total capacity area is 48,108 sq.m.), and an estimated total investment of RMB100 million. As at 31 December 2023, the combined average occupancy rate of the cold chain storage space and freezer was 59.90%. 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% as at 31 December 2023.

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 of 31 December 2023, 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, the storage service zone and the public ancillary market facility zone were 82.54%, 79% and 81.15% 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 work requirements on the implementation of digital market by the Quzhou government authorities, Quzhou agricultural shopping mall project sped up the new retail upgrade and renovation of professional markets, so as to realize online transactions and mobile payment and other new retail mode. The digital smart agriculture wholesale system ended the trial operation at the beginning of the second half of 2023, and commenced to charge transaction commissions for fruits on 1 January 2024. In order to effectively revitalize the assets, the operation team has broadened the ideas of investment by investing a small amount of funds to renovate the vacant Frozen Product Zone No.24 and No.25 into a comprehensive morning market zone which was put into operation on 20 April 2023. The occupancy rate of the morning market zone (No.24 and No.25) was 100% with the annual rental income of RMB3,848,300. In addition, after the commencement of operation of the morning market, the heavy traffic has boosted the development of the surrounding areas.

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. As at 31 December 2023, Infinity Data had obtained a total of 37 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 reached 194,233 and the number of certified enterprises reached 6,890. An annual evaluation of security 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. So far, Coldeal serves more than 400 counties and cities in about 31 provinces across the country by integrating over 3,173 logistics companies, over 16,947 logistics routes and over 7,000 cold storage across the country. Meanwhile, we have commenced in-depth strategic cooperation with enterprises in all segments along the supply chain and 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 Zone, Dalian Economic and Technological Development Zone, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Tianjin Bonded Zone and Yantian District in Shenzhen, basically completing the establishment of storage network by connecting the coastal ports. Supported by the development of the international trade services business 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.

(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. In 2022, the Group successfully disposed of its completed projects in Taicang, Jiangsu Province, Changshu, Jiangsu Province and Suzhou, Jiangsu Province. Among them, the disposal of the last project in Jiaxing, Zhejiang Province, which cooperated with SSinolog (China) Holding I Pte. Ltd. from Singapore, was completed on 24 January 2024, with sales proceeds of approximately RMB272,940,000.

At present, the only industrial plant held by the Group is located in the industrial park headquarters project of Tianning Economic Development Zone in Changzhou, Jiangsu Province. 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.. The planned and owned area will be 340,882 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 7,831.24 sq.m. of sale area completed, and the construction of Phase II is still under planning. A portion 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 the principle of "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 and city, empowered by the Internet + smart technologies. 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.

(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 one–stop 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. With the combo network of the Belt and Road Initiatives launched by China and "Rectangular Strategy" proposed by Cambodian government, China-Cambodia cooperation has boosted the Cambodian economy to maintain a growth rate of 5%-7% since 2013. In 2023, China remained as the largest investor of Cambodia. In recent years, the Cambodian economy has been expanding rapidly, with an average age of less than 30 and the ageing population of less than 5% of the population, offering abundant manpower.

As the RCEP agreement and the China-Cambodia Free Trade Agreement come into play, the ongoing implementation of the Belt and Road Initiative 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, the former Cambodian Prime Minister Mr. Samdech Techo Hun Sen and the Cambodian Prime Minister Mr. Hun Manet paid multiple visits to China in 2023, upon which, both parties of China and Cambodia published a joint statement of building the China-Cambodia Community of Shared Destiny in the new era and released the Sino-Cambodian Joint Statement, 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 pursue the development of modern ecological agriculture and expand the trade of high-quality agricultural products between the two countries, which aligns to the development of food supply chain business of the Group. To sum up, as the details of cooperation between China and Cambodia are subject to disclosure, the Group will actively keep up with the development of the project, further optimize our overall plans for the industry parks, and launch the Construction of Phase I 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 average occupancy rate of the owned area of the project was approximately 86.48% during 2023.

(b) Beijing Stable Charmfull Business Management Ltd. ("Stable Charmfull", formerly known as Holiday Inn Downtown Beijing Company Limited) 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 hotel is expected to commence operation in the second quarter of 2024.

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. In 2023, the national food supply chain industry developed in a steady manner with industry scale reaching a new level. Of which, the primary food market size amounted to RMB7.04 trillion, the scale of food processing amounted to RMB12.77 trillion, the scale of food circulation amounted to RMB9.15 trillion, and the scale of food consumption amounted to RMB16.54 trillion. In addition, with the support of a series of national policies to stabilize the economy and promote consumption, the total GDP in 2023 exceeded RMB126 trillion, with a growth rate of 5.2%. The steady improvement of the macro economy also provided a good economic environment for the recovery and development of the food supply chain industry. To sum up, the market size of the food supply chain is expected to continue to grow in 2024. 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.

2023 marks the first year for Beijing Properties to promote the high-quality development of the entire supply chain from upstream bulk trading to downstream consumption. The government has promulgated a series of policies relating to the food supply chain business. In particular, the 2023 government work report lists "focusing on expanding domestic demand" as the first priority of the year, giving priority to the recovery and expansion of consumption. Besides, the "Measures for the Recovery and Expansion of Consumption" promulgated by the National Development and Reform Commission specifically mentions the need to expand the service consumption of the catering industry. To sum up, as an important partner in the catering industry, the food supply chain will become an important support of the entire consumer market in the future. The Group intends to develop light-asset operation business by utilizing the heavy assets invested by it. Leveraging on the heavy-asset infrastructure facilities invested by the Group including room temperature storage, cold storage, wholesale market and Internet-based trading platform, the supply chain services aims to develop light-asset operation business. By focusing on high-value product category (i.e. frozen meat) and leveraging on its advantage of professional sourcing, the Group will make strenuous efforts to develop downstream head customers, building a persistently stable network of downstream customers of the supply chain to serve head food-preparation factories, chain restaurants, supermarket communities and e-commerce. Meanwhile, by leveraging on the synergetic resource advantage among each of the Group's subsidiaries, the Group has developed the "three-in-all" distinctive supply chain services integrating supply chain services + storage & logistics infrastructure and industrial park operation + data-driven mode covering full supply chain from the source to the downstream market. By introducing upstream and downstream customers through supply chain services and renovating the Group's existing infrastructure facilities such as cold storage and logistics parks, the Group provides customised storage and logistics services on the supply chain to customers, so as to improve the utilisation rate of the facilities and reduce operation costs. Furthermore, the Group focuses on the key risk control points of every aspect along the industrial chain including storage, logistics and custom clearance, gradually improving its profitability and providing financial support to the customers, with an aim to attract more customers and businesses with the above-mentioned value services and form a three-pronged business growth model. Moreover, through the supply chain service operation business project dedicated for each city, the Group aims to conduct imported food cold chain cooperation based on free-trade zones, industrial parks and logistics parks, so as to promote the expansion and quality development of the supply chain along the national industrial chain. The Group is committed to establishing a light-asset S2B2C (source suppliers – business – customer) food supply chain platform with low risks and strong cashflow in the coming three to five years.

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 sophisticated experience in logistics property, industrial property and cold chain business, we will increase the proportion of service business. We believe that driven by policy support and market demand, the food supply chain business is expected to develop in a more rapid, healthy and sustainable way in the future. In the meantime, we will continue to reduce operating costs and financial expenses to achieve operating profit and positive cash flow, and continue to bring benefits to shareholders.

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

Name of assets	**2023** Revenue *RMB'000*	**GP Margin** *%*	2022 Revenue *RMB'000*	GP Margin *%*	**Change** Revenue *RMB'000*	**GP Margin** *%*
High-end and modern general warehouses						
Shanghai	**55,410**		46,103		9,307	
Tianjin	**21,568**		26,936		(5,368)	
Xiamen	**19,209**		25,439		(6,230)	
Meishan	**8,835**		9,076		(241)	
Hainan	**7,694**		10,488		(2,794)	
Jiangsu	**–**		41,746		(41,746)	
Tongliao	**2,921**		2,769		152	
	115,637	**89.54**	162,557	89.04	(46,920)	0.50
Cold chain logistics warehouses						
Tianjin	**22,449**		70,499		(48,050)	
Qingdao	**2,502**		2,628		(126)	
	24,951	**38.60**	73,127	46.49	(48,176)	(7.89)
Trading business						
Beijing	**1,131,012**		641,874		489,138	
Hong Kong	**1,182**		–		1,182	
	1,132,194	**(1.32)**	641,874	2.21	490,320	(3.53)
Specialised wholesale markets						
Quzhou Tongcheng	**39,947**	**67.21**	27,769	69.02	12,178	(1.81)
Industrial properties						
Zhejiang	**25,267**		94,840		(69,573)	
Jiangsu	**55,457**		56,786		(1,329)	
	80,724	**56.42**	151,626	79.88	(70,902)	(23.46)

	2023		2022		Change	
Name of assets	Revenue	GP Margin	Revenue	GP Margin	Revenue	GP Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Commercial properties						
Guangzhou	**34,754**		28,694		6,060	
Beijing	**40,129**		40,300		(171)	
	74,883	**84.76**	68,994	96.55	5,889	(11.79)
The Group	**1,468,336**	**15.94**	1,125,947	35.51	342,389	(19.57)

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2023 amounted to approximately RMB115.64 million, representing a decrease of approximately RMB46.92 million or 28.86% from approximately RMB162.56 million for the year ended 31 December 2022. The decrease was primarily attributable to (i) the disposal of Jiangsu project at the end of 2022; and (ii) the disposal of Xiamen and Hainan projects in October 2023. The gross profit margin slightly increased from approximately 89.04% for the year ended 31 December 2022 to approximately 89.54% for the year ended 31 December 2023.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2023 amounted to approximately RMB24.95 million, representing a decrease of approximately RMB48.18 million or 65.88% from approximately RMB73.13 million for the year ended 31 December 2022. The decrease was primarily attributable to (i) the cancellation of nucleic acid detection and disinfection operations which had a significant impact on revenue; and (ii) the decrease in average occupancy rate in Tianjin. The gross profit margin decreased from approximately 46.49% for the year ended 31 December 2022 to approximately 38.60% for the year ended 31 December 2023 due to the decrease in revenue while the depreciation change under the direct cost of rental income remained constant.

Trading business

The revenue contribution of trading business for the year ended 31 December 2023 amounted to approximately RMB1,132.19 million, representing an increase of approximately RMB490.32 million or 76.39% from approximately RMB641.87 million for the year ended 31 December 2022. 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 2023 amounted to approximately RMB39.95 million, representing an increase of approximately RMB12.18 million, or 43.86%, from approximately RMB27.77 million for the year ended 31 December 2022. The increase in revenue was attributable to the increase in average occupancy rate of the public ancillary market facility zone. The gross profit margin slightly decreased from approximately 69.02% for the year ended 31 December 2022 to approximately 67.21% for the year ended 31 December 2023.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2023 amounted to approximately RMB80.72 million, representing a decrease of approximately RMB70.90 million or 46.76% from approximately RMB151.62 million for the year ended 31 December 2022. The decrease was attributable to the disposal of 3 projects in Jiangsu in 2022. The gross profit margin decrease from approximately 79.88% for the year ended 31 December 2022 to approximately 56.42% for the year ended 31 December 2023 was mainly due to the increase in the portion of profit from disposal of properties.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2023 amounted to approximately RMB74.88 million, representing an increase of approximately RMB5.89 million or 8.54% from approximately RMB68.99 million for the year ended 31 December 2022. The increase was primarily attributable to the cancellation of rent concession in 2023 in Guangzhou. The gross profit margin decreased from approximately 96.55% for the year ended 31 December 2022 to approximately 84.76% for the year ended 31 December 2023 due to a one-off compensation for the termination of employment contract of hotel staff.

Changes in fair value of investment properties, net

For the year ended 31 December 2023, net fair value loss of investment properties was approximately RMB280.49 million, the loss was mainly attributable to the fair value changes of properties located in Guangzhou and Zhejiang.

Gain on disposal of subsidiaries

For the year ended 31 December 2023, gain on disposal of subsidiaries was approximately RMB0.47 million, which represented the disposal of 2 projects in Xiamen and Hainan.

For the year ended 31 December 2022, gain on disposal of subsidiaries was approximately RMB545.99 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 2023, net other income and gains were approximately RMB55.24 million, which represented an increase of approximately RMB7.00 million, or 14.51%, from approximately RMB48.24 million for the year ended 31 December 2022. The increase in net other income and gains was mainly attributable to the gain on disposal of a joint venture, Tianjin Beijing Inland Port Company Limited ("TBIPL"), of RMB26.99 million.

Selling and distribution expenses

For the year ended 31 December 2023, selling and distribution expenses were approximately RMB15.76 million, which represented an increase of approximately RMB9.27 million, or 142.84%, from approximately RMB6.49 million for the year ended 31 December 2022. 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 2023, administrative expenses were approximately RMB130.67 million, which represented a decrease of approximately RMB54.56 million, or 29.46%, from approximately RMB185.23 million for the year ended 31 December 2022. The decrease in administrative expenses was mainly due to the effect of (i) the decrease in legal and professional fee for the disposal of subsidiaries; (ii) decrease in staff cost; and (iii) decrease in the property tax from industrial group.

Other expenses

For the year ended 31 December 2023, other expenses were approximately RMB12.45 million, which represented a decrease of approximately RMB15.11 million, or 54.83%, from approximately RMB27.56 million for the year ended 31 December 2022. The decrease in other expenses was primarily related to the foreign exchange differences in 2022.

Finance costs

For the year ended 31 December 2023, finance costs were approximately RMB474.29 million, representing a decrease of approximately RMB50.98 million, or 9.71%, from approximately RMB525.27 million for the year ended 31 December 2022. The decrease in finance costs was primarily related to the decrease in total borrowings during the year.

Share of profits or losses of joint ventures

For the year ended 31 December 2023, the share of losses of joint ventures of approximately RMB15.01 million was mainly contributed by TBIPL.

Share of losses of associates

For the year ended 31 December 2023, the share of losses of associates of approximately RMB285.78 million was mainly contributed by share the results and impairment losses of Beijing Health (Holdings) Limited, a listed company on The Stock Exchange of Hong Kong Limited and Beijing Enterprises City Investment Holdings Group Co., Ltd. ("BE City Investment").

Income tax expense

Income tax expense for year ended 31 December 2023 included current income tax of RMB33.34 million. Deferred tax credit for the year ended 31 December 2023 was RMB48.11 million which arose from the change in the fair value of investment properties.

Investment properties

Investment properties decreased by approximately RMB622.31 million, which was mainly due to the net effect of (i) the construction of logistics warehouse of RMB13.17 million; (ii) the decrease in fair value of investment properties (excluding investment properties under held for sale) of RMB267.48 for the year; and (iii) the transfer of RMB368.00 million to assets of disposal group classified as held for sale.

Goodwill

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

Interests in joint ventures

Interests in joint ventures decreased by approximately RMB133.80 million, which was mainly due to the disposal of TBIPL in 2023.

Interests in associates

Interests in associates decreased by approximately RMB288.53 million, due to the net effect of (i) share of losses and impairment losses of RMB285.78 million for the year; and (ii) share of reserves of RMB2.75 million.

Equity investments at fair value through other comprehensive income

Equity investment decreased by approximately RMB7.45 million, mainly due to the decrease in fair value of CAQ Holdings Limited 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 Beijing Inland Port Co., Ltd. which was disposed during the year.

Land held for development or sale

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

Properties under development 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 RMB278.14 million, mainly due to the net effect of (i) proceeds from disposal of subsidiaries of RMB758.49 million; (ii) net drawdown of bank and other borrowings of RMB4,132.83 million; (iii) repayment of guaranteed bonds of RMB4,930.40 million; (iv) interest paid of RMB449.98 million; (v) proceeds from disposal of financial assets at fair value through profit or loss of RMB180.10 million; (vi) settlement for the construction cost of investment properties of RMB12.16 million; (vii) dividend paid to non-controlling equity holders of RMB82.56 million; and (viii) funding granted by Beijing Enterprises City Development Limited ("BE City Development", a fellow subsidiary of the Company) of RMB250.00 million.

Held for sale

Held for sale represented assets and liabilities of disposal groups from (i) 4 logistic groups; and (ii) an industrial project. 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 2023. For more details, please refer to (i) the announcement of the Company dated 18 March 2022 and the circular of the Company dated 3 August 2022; and (ii) the announcement of the Company dated 28 August 2023 and the circular of the Company dated 5 October 2023.

Due to other related parties

Due to other related parties increased by RMB215.41 million (non-current portion decreased by RMB54.28 million and current portion increased by RMB269.69 million), mainly due to the net effect of (i) a loan from BE City Development of RMB250.00 million; and (ii) transfer of funding granted by the non-controlling shareholder of the Company's subsidiary located in Singapore of RMB54.28 million to liability directly associated with assets of disposal groups classified as held for sale.

Bank and other borrowings

Bank and other borrowings increased by RMB4,510.22 million (non-current portion increased by RMB5,120.93 million and current portion decreased by RMB610.71 million), mainly due to the net effect of (i) utilizing for the settlement of guaranteed bonds of RMB4,930.40 million; and (ii) disposal of subsidiaries with bank and other borrowings of RMB20.40 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 fully repaid the outstanding amount during the year.

Liquidity and financial resources

As at 31 December 2023, for accounting purposes, the Group had total borrowings of approximately RMB7,431.42 million (31 December 2022: approximately RMB7,847.48 million) which included bank and other borrowings. 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 234.91% (31 December 2022: approximately 170.86%).

As at 31 December 2023, the Group's balance of bank and other borrowings amounted to approximately RMB7,431.42 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 2.79%, 1.45% and 95.76%, respectively. 12.09% of these bank and other borrowings was repayable less than one year. As at 31 December 2023, the Group's cash and bank balances amounted to approximately RMB375.10 million, which were denominated in USD, HK$ and RMB as to 4.11%, 2.46% and 93.43%, respectively. Bank and other borrowings of an aggregate amount of RMB3,080.94 million bear interest at floating rates. 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 2023, the Group's current ratio and quick ratio were approximately 198.59% and 124.72%, respectively (31 December 2022: approximately 76.79% and 52.39%, respectively).

The net total borrowings of the Group as at 31 December 2023 (total borrowings less cash and cash equivalents and restricted cash) was RMB7,056.32 million (31 December 2022: RMB7,194.24 million), representing a decrease of RMB137.92 million as compared to the previous year.

Contingent liabilities

At 31 December 2023, except for a claim of supplementary compensation liability of RMB105 million for the debt owed to a bank by an associate that disclosed under headline "Litigations", the Group had no significant contingent liabilities (31 December 2022: Nil).

Capital expenditures

For the year ended 31 December 2023, the Group spent approximately RMB24.48 million (For the year ended 31 December 2022: approximately RMB20.24 million) as capital expenditures, which consisted of the purchase of property, plant and equipment and investment properties.

Capital commitments

As at 31 December 2023, the Group had outstanding contracted capital commitments amounted to approximately RMB689.99 million in aggregate which comprised commitments for:

– the outstanding construction costs of approximately RMB581.54 million committed for warehouse facilities.

– the outstanding capital injection of approximately RMB105 million payable for BE City Investment.

– the outstanding capital injection of approximately USD500,000 (equivalent to approximately RMB3.45 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 2023, 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 2023, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2023, the Group had bank loans with principal amounts of approximately RMB1,306.44 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

In December 2023, The Agricultural Bank of China Co., Ltd. South Sea Lishui Branch (the "Bank") sued 北京允中投資諮詢有限公司, a wholly-owned subsidiary of the Company, to bear supplementary compensation liability within the scope of RMB105 million in principal and interest for the debt owed to the Bank by 北控城投(佛山)控股集團有限公司 that guaranteed by 北控城投控股集團有限公司. 北京允中投資諮詢有限公司 has 35% equity interest of 北控城投控股集團有限公司 and the investment is classified as an associate, the claim amount of RMB105 million is being the contracted unpaid capital commitment for the associate and no guarantee has been provided to the debt by the Group. The case is pending the Foshan Intermediate People's Court hearing. The management of the Group are of the opinion that any possible legal liability which may incur from such litigation shall not have material adverse effect on the financial position of the Group.

Employees and remuneration policies

As at 31 December 2023, the Group had a total of 368 (2022: 525) employees. Total staff cost incurred for the year ended 31 December 2023 amounted to approximately RMB87.34 million (2022: approximately RMB89.74 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 2023, 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 material accounting policy information.

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 2023, 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 2023, the Group's had net current assets of RMB2.7 billion, which included the net assets of disposal groups classified as held for sale of RMB2.3 billion, and incurred a net loss of RMB910 million for the year then ended. There are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's current portion of bank and other borrowings which are due to be settled within 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

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 2023.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix C3 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 2023.

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 C1 to the Listing Rules throughout the year ended 31 December 2023, except as disclosed below.

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 2023, 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 2023 (the "2023 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 2023 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 C1 to the Listing Rules. It comprises three 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 2023 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 2023, the audit committee members are all independent non-executive directors. Members of the audit committee are Mr. Goh Gen Cheung (Chairman), Mr. James Chan 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 2023 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 2023 annual report of the Company will be dispatched to the shareholders of the Company in April 2024 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, 28 March 2024

As at the date of this announcement, Mr. Zhu Yingying, Mr. Xu Zhigang, Mr. Siu Kin Wai, Mr. Dong Qilin and Mr. Cheng Ching Fu are the executive Directors; and Mr. Goh Gen Cheung, Mr. James Chan and Mr. Xie Ming are the independent non executive Directors.