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 2020

HIGHLIGHTS

Revenue decreased by approximately HK$4.29 million to HK$688.37 million for the year ended 31 December 2020, representing a decrease of approximately 0.62%, as compared to approximately HK$692.66 million for the year ended 31 December 2019.

Gross profit increased by approximately HK$32.41 million to HK$345.29 million for the year ended 31 December 2020, representing an increase of approximately 10.36%, as compared to approximately HK$312.88 million for the year ended 31 December 2019.

Consolidated loss attributable to shareholders of the Company for the year ended 31 December 2020 decreased by approximately HK$233.56 million to HK$270.63 million, as compared to that of approximately HK$504.19 million for the year ended 31 December 2019.

Basic and diluted loss per share for the year were HK3.88 cents each.

Net assets value per share attributable to shareholders of the Company was approximately HK$0.50 as at 31 December 2020.

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 2020, together with comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE	*3*	**688,365**	692,657
Cost of sales and services		**(343,077)**	(379,779)
Gross profit		**345,288**	312,878
Changes in fair value of investment properties, net		**508,507**	163,041
Other income and gains, net	*4*	**72,259**	112,802
Selling and distribution expenses		**(3,115)**	(15,000)
Administrative expenses		**(205,020)**	(229,811)
Other expenses		**(19,423)**	(95,999)
Finance costs	*5*	**(610,127)**	(498,639)
Share of profits and losses of:			
Joint ventures		**(17,632)**	82,566
Associates		**(38,769)**	(99,893)
PROFIT/(LOSS) BEFORE TAX	*6*	**31,968**	(268,055)
Income tax	*7*	**(133,259)**	(149,044)
LOSS FOR THE YEAR		**(101,291)**	(417,099)
Attributable to:			
Shareholders of the Company		**(270,634)**	(504,191)
Non-controlling interests		**169,343**	87,092
		(101,291)	(417,099)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted		**(HK3.88 cents)**	(HK7.23 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(101,291)**	(417,099)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
— Exchange differences on translation of foreign operations	**511,766**	(150,091)
— Share of other comprehensive income/(loss) of:		
Joint ventures	**70,800**	(20,177)
Associates	**16,437**	(6,862)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**599,003**	(177,130)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
— Changes in fair value of equity investments at fair value through other comprehensive income, net of income tax of nil	**11,499**	(17,440)
— Actuarial losses of defined benefit plans	**(79)**	(1,089)
— Revaluation loss on transfer of property, plant and equipment to investment property	**(9,743)**	—
— Share of other comprehensive income/(loss) of:		
Joint ventures	**(7,314)**	81,036
Associates	**(1,904)**	(3,703)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(7,541)**	58,804
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX OF NIL	**591,462**	(118,326)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**490,171**	(535,425)
Attributable to:		
Shareholders of the Company	**278,124**	(611,479)
Non-controlling interests	**212,047**	76,054
	490,171	(535,425)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**549,002**	1,064,352
Investment properties		**7,500,679**	5,878,802
Right-of-use assets		**76,594**	82,193
Goodwill		**123,022**	123,022
Interests in joint ventures		**1,911,166**	1,816,152
Interests in associates		**677,305**	684,663
Equity investments at fair value through other comprehensive income		**23,971**	5,347
Prepayments, other receivables and other assets		**9,768**	9,201
Land held for development or sale		**5,179,078**	4,373,799
Pledged and restricted bank deposits		**6,132**	6,266
Deferred tax assets		**—**	33,257
Total non-current assets		**16,056,717**	14,077,054
CURRENT ASSETS			
Properties held for sale		**95,988**	90,419
Inventories		**8,412**	165,322
Trade receivables	*10*	**51,694**	15,358
Prepayments, other receivables and other assets		**224,053**	159,850
Due from joint ventures		**109,692**	140,427
Due from associates		**—**	87
Pledged and restricted bank deposits		**16,608**	28,084
Cash and cash equivalents		**743,910**	973,696
		1,250,357	1,573,243
Assets of disposal groups classified as held for sale		**2,854,199**	2,673,885
Total current assets		**4,104,556**	4,247,128
CURRENT LIABILITIES			
Trade payables	*11*	**342,199**	2,812
Other payables and accruals		**570,952**	2,098,220
Due to a joint venture		**1,078**	3,399
Due to other related parties		**17,701**	13,901
Bank and other borrowings		**1,887,177**	2,255,581
Guaranteed bonds	*12*	**—**	4,276,188
Income tax payables		**46,980**	55,155
Provision for compensation	*13*	**240,242**	221,878
		3,106,329	8,927,134
Liabilities directly associated with the assets of disposal groups classified as held for sale		**845,512**	905,534
Total current liabilities		**3,951,841**	9,832,668

	Notes	**2020**	2019
		HK$'000	*HK$'000*
NET CURRENT ASSETS/(LIABILITIES)		**152,715**	(5,585,540)
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,209,432**	8,491,514
NON-CURRENT LIABILITIES			
Due to a joint venture		**209,961**	197,779
Due to other related parties		**189,392**	175,911
Bank and other borrowings		**2,700,687**	1,404,326
Guaranteed bonds	*12*	**5,794,046**	—
Derivative financial instrument		**—**	—
Deferred revenue		**135,314**	114,124
Defined benefit obligations		**13,858**	19,878
Deferred tax liabilities		**1,494,005**	1,397,498
Total non-current liabilities		**10,537,263**	3,309,516
Net assets		**5,672,169**	5,181,998
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*14*	**696,933**	696,933
Reserves		**2,791,325**	2,513,201
		3,488,258	3,210,134
Non-controlling interests		**2,183,911**	1,971,864
Total equity		**5,672,169**	5,181,998

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1.1 BASIS OF PRESENTATION

At 31 December 2020, the Group had net current assets of HK$153 million. In assessing the Group's ability to operate as a going concern, a cash flow projection has been prepared by the management, which, inter alia, takes into account the historical operating performance of the Group and the following:

- subsequent to the reporting period, in March 2021, the Group has obtained the financial undertaking and financial support from Beijing Enterprises City Development Group Limited ("BE City Development"), the intermediate holding company of the Company, who 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 to provide continual financial support and adequate funds to the Group to enable it to meet its liabilities as and when they fall due;

- the Group is currently arranging a syndicated facility of not less than US$100 million (equivalent to HK$780 million) with a major bank. An unbinding mandate for the arrangement has been obtained by the Group as at the date of approval of the financial statements;

- subsequent to the reporting period, the Group has extended a short term revolving loan due in 2021; and

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

The 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 Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify the non-current asset as a current asset. These financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

1.2 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of new and revised standards

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised standards for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKAS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 And HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$270,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2. OPERATING SEGMENT INFORMATION

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

(a) the properties business segment engages in the leasing of commercial properties and a health care property in Mainland China, and the provision of related management services;

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

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

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

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

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

	Properties business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**67,691**	132,646	**256,697**	244,296	**69,538**	27,858	**294,439**	287,857	**–**	–	**688,365**	692,657
Changes in fair value of investment properties, net	**(26,532)**	3,640	**267,125**	65,382	**267,914**	94,019	**–**	–	**–**	–	**508,507**	163,041
Segment results:												
The Group	**(1,021)**	(63,927)	**405,432**	246,230	**309,486**	104,704	**(9,231)**	(12,082)	**(1,706)**	(1,725)	**702,960**	273,200
Share of profits and losses of:												
Joint ventures	**–**	–	**(17,632)**	82,566	**–**	–	**–**	–	**–**	–	**(17,632)**	82,566
Associates	**(26,758)**	(71,006)	**–**	–	**–**	–	**–**	–	**(12,011)**	(28,887)	**(38,769)**	(99,893)
	(27,779)	(134,933)	**387,800**	328,796	**309,486**	104,704	**(9,231)**	(12,082)	**(13,717)**	(30,612)	**646,559**	255,873
Reconciliation:												
Fair value gain of a derivative instrument											**–**	4,693
Bank interest income											**16,727**	17,904
Other interest income											**4,817**	7,997
Foreign exchange differences, net											**12,851**	10,628
Corporate and other unallocated income and expenses, net											**(38,859)**	(66,511)
Finance costs											**(610,127)**	(498,639)
Profit/(loss) before tax											**31,968**	(268,055)

	Properties business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information												
Depreciation of property, plant and equipment:												
Segment assets	**12,358**	27,618	**11,242**	16,036	**489**	271	**490**	461	**–**	1	**24,579**	44,387
Corporate and other unallocated assets											**2,872**	1,204
											27,451	45,591
Depreciation of right-of-use assets	**1,966**	1,970	**946**	954	**–**	–	**–**	–	**–**	–	**2,912**	2,924
Provision for compensation, net	**8,783**	5,348	**–**	–	**–**	–	**–**	–	**–**	–	**8,783**	5,348
Investments in joint ventures	**–**	–	**1,809,837**	1,720,202	**–**	–	**–**	–	**–**	–	**1,809,837**	1,720,202
Investments in associates	**427,739**	439,969	**–**	–	**–**	–	**–**	–	**249,566**	244,694	**677,305**	684,663
Capital expenditure*:												
Segment assets	**1,979**	4,960	**272,397**	405,813	**2,765**	335,640	**47**	25	**–**	–	**277,188**	746,438
Corporate and other unallocated assets											**1,018**	342
											278,206	746,780

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

Geographical information

Revenue from external customers

	2020	2019
	HK$'000	*HK$'000*
Mainland China	**642,793**	685,785
Hong Kong	**45,572**	6,872
	688,365	692,657

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

Information about major customers

During the year ended 31 December 2020 and 2019, the Group had no single external customer which contributed over 10% of the Group's total revenue for that year.

3. REVENUE

An analysis of revenue is as follows:

	2020	2019
	HK$'000	*HK$'000*
Hotel operation	**—**	93,809
Logistics and other ancillary services	**53,657**	42,404
Property management fee	**29,630**	29,441
Sale of frozen products	**294,439**	287,857
Gross rental income	**310,639**	239,146
Total revenue	**688,365**	692,657

4. OTHER INCOME AND GAINS, NET

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

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**16,727**	17,904
Other interest income	**4,817**	7,997
Government grants*	**9,331**	45,400
Others	**28,533**	26,180
	59,408	97,481
Gains, net		
Fair value gain of a derivative financial instrument	**—**	4,693
Foreign exchange differences, net	**12,851**	10,628
	12,851	15,321
Other income and gains, net	**72,259**	112,802

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

5. FINANCE COSTS

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

	2020	2019
	HK$'000	*HK$'000*
Interest on bank and other loans	**210,795**	198,887
Interest on loans from related parties	**585**	849
Interest on guaranteed bonds	**411,473**	307,617
Other finance costs	**—**	3,802
Total finance costs	**622,853**	511,155
Less: Amount capitalised in investment properties under construction	**(12,726)**	(12,516)
	610,127	498,639

6. PROFIT/(LOSS) BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Direct cost of rental income	**18,148**	19,501
Cost of hotel operation	**—**	46,542
Cost of services provided	**34,516**	26,798
Cost of goods sold	**290,413**	286,938
Depreciation of property, plant and equipment	**27,451**	45,591
Less: Amount associated with disposal groups classified as held for sale	**(323)**	(325)
	27,128	45,266
Less: Amount included in cost of sales and services	**(8,945)**	(23,918)
	18,183	21,348
Depreciation of right-of-use assets	**2,912**	2,924
Lease payments that not included in the measurement of lease liabilities	**7,869**	9,068
Loss on disposal of items of property, plant and equipment*	**2,073**	—
Impairment of an associate*	**—**	77,893
Impairment of items of property, plant and equipment*	**—**	10,552
Employee benefit expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**93,808**	100,662
Defined contribution scheme contributions	**10,371**	18,722
Cost of defined benefit plans	**1,180**	1,055
	105,359	120,439
Less: Amount included in cost of sales and services	**(10,492)**	(20,650)
	94,867	99,789
Provision for compensation, net*	**8,783**	5,348

* *These items are included in "Other expenses" 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:

	2020	2019
	HK$'000	*HK$'000*
Current — Hong Kong	**—**	—
Current — Mainland China		
Charge for the year	**12,878**	31,374
Withholding tax interest income from intercompany loans	**7,465**	5,464
Deferred	**112,916**	112,206
Total tax expense for the year	**133,259**	149,044

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (2019: 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 2020 and 2019, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts presented.

10. TRADE RECEIVABLES

Trade receivables of the Group included rental income receivable from tenants of the Group's investment properties, services fees receivable from customers of the Group's logistics centres and receivable from customers of trading business (2019: room charges and service fees arising from the Group's hotel operation). The Group does not hold any collateral or other credit enhancement over its trade receivables, except for trade receivables in relation to rental income were fully collaterised by the security deposits paid by the relevant customers.

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

	2020	2019
	HK$'000	*HK$'000*
Billed:		
Within one month	**17,683**	9,467
One to three months	**3,495**	5,636
Over three months	**947**	255
	22,125	15,358
Unbilled	**29,569**	—
	51,694	15,358

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

11. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Billed:		
Within one month	**23,194**	2,508
One to three months	**8**	59
Over three months	**194**	245
	23,396	2,812
Unbilled	**318,803**	—
	342,199	2,812

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

12. GUARANTEED BONDS

	Notes	**2020** **HK$'000**	2019 HK$'000
4.375% guaranteed bonds due 2020	*(b)*	**—**	2,335,608
9% guaranteed bonds due 2020	*(c), (b)*	**—**	1,940,580
5.95% guaranteed bonds due 2023	*(d)*	**5,794,046**	—
		5,794,046	4,276,188
Portion classified as current liabilities		**—**	(4,276,188)
Non-current portion		**5,794,046**	—

Notes:

(a) The Group's guaranteed bonds as at 31 December 2020 and 2019 are all denominated in US$ and guaranteed by the Company, and interest thereon are payable semi-annually in arrear.

(b) The guaranteed bonds are subject to redemption by the Group, in whole but not in part, at a redemption amount equal to the Make-Whole Price (as defined in the terms and conditions of the respective bonds). They also contain a provision for redemption at the option of the holders of the respective bonds at 101% of the principal amount, together with interest accrued to the date of redemption, upon a change of control (as defined in terms and conditions of the respective bonds) with respect to the Company. The bonds were repaid by the Group during the year.

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

(d) The guaranteed bonds may be redeemed at the option of the Group in whole, but not in part, at any time, on giving not less than 30 nor more than 60 day's notice to the Bondholders (as defined in terms and conditions of the respective bonds)(which notice shall be irrevocable) and to the trustee and the principal agent in writing, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption). They also contain a provision for redemption at the option of the holders of the respective bonds at 101% of the principal amount, together with interest accrued to the date of redemption, upon a change of control (as defined in terms and conditions of the respective bonds) with respect to the Company.

13. PROVISION FOR COMPENSATION

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**221,878**	225,586
Addition of provision	**8,783**	5,348
Settlement during the year	**(4,336)**	(5,188)
Exchange realignment	**13,917**	(3,868)
At 31 December	**240,242**	221,878

Note:

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

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

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

In arriving at the best estimate of the amount of the provisions for the resettlement compensation, management of the Group had made reference to the latest plan of the Compensation Arrangement, judgements of the lawsuits and all other available information. As a result of the new development on the latest plan of the Compensation Arrangement, in the opinion of the directors, the amounts of compensation cost that the Group may incur would be HK$240,242,000 (2019: HK$221,878,000) as at 31 December 2020.

14. SHARE CAPITAL

Shares

	2020	2019
	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 (2019: 6,969,331,680) ordinary shares of HK$0.10 each	**696,933**	696,933

15. CAPITAL COMMITMENTS

At 31 December 2020, the Group had the following capital commitments:

	2020	2019
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital injection into an associate	**124,688**	117,453
Capital injection into a joint venture	**3,900**	3,900
Construction of logistics facilities and industrial plants	**643,119**	753,126
Total capital commitments	**771,707**	874,479

In addition, the Group's share of joint ventures' own capital commitments, which are contracted but not provided for and not included in the above disclosure, amounted to HK$759,627,000 (2019: HK$715,553,000) as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2020, the Group recorded a consolidated loss attributable to the shareholders of the Company of approximately HK$270.63 million, as compared to the consolidated loss attributable to the shareholders of the Company of approximately HK$504.19 million recorded for the year ended 31 December 2019.

BUSINESS REVIEW

The Group is the only Hong Kong-listed company engaged in property-related business under Beijing Enterprises Group Company Limited ("BE Group"), the ultimate controlling company of the Group. The Group positions itself as a professional property developer that engages in businesses such as logistics property, cold chain property, industrial property and commercial property, as well as primary land development. As a developer, our profit is primarily derived from profits from the disposal of projects.

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

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

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

1) High-end and Modern General Warehouses

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

Location of warehouse	Notes	Planned and owned area	Operating leaseable area	Average occupancy rate for the year ended 31 December 2020	2019
		(sq.m.)	*(sq.m.)*	*(%)*	*(%)*
Beijing, Tongzhou District[Δ]	*(a)*	623,008	307,166	99.87	100
Shanghai, Pudong District[#]	*(b)*	211,555	211,555	62.50	76.50
Tianjin (Tianjin Airport Zone of Tianjin Free Trade Zone)[#]	*(c)*	57,425	57,425	92.25	94.76
Tianjin (Tianjin Port Zone of Tianjin Free Trade Zone)[#]	*(d)*	16,083	16,083	100	100
Xiamen, Tong'an District	*(e)*	92,466	92,466	100	100
Meishan, Dongpo District	*(f)*	97,809	97,809	56.42	84.76
Hainan, Chengmai District	*(g)*	48,702	48,702	99.07	96.77
Tongliao, Ke'erqin District	*(h)*	31,113	31,113	61.40	50.92
Jiangsu, Taicang City	*(i)*	141,668	141,668	52.50	—*
Qingdao, Jiaozhou City	*(j)*	145,170	—	—*	—*
		1,464,999	1,003,987		

Δ A joint venture of the Group.

\# These projects have been classified as held for sale, as the Group intends to dispose of these projects. For details, please refer to the announcements of the Company dated 4 September 2019, 10 September 2019 and 29 October 2019.

* Under construction

(a) Majuqiao Logistics Park is the largest investment project to be developed and operated by Beijing Inland Port Co., Ltd. ("BIPL") and the Group. It will become one of the largest comprehensive logistics parks in northern China upon completion. The whole project will be completed in five phases. BIPL obtained the land lots for Phase I and Phase II of this project on 3 November 2015. Construction works of Phase I started on 19 September 2016 while that of land lot I and land lots II & III of Phase II started on 28 February 2017 and in April 2018, respectively. The land lot of Phase I was completed in September 2018, and the total leaseable area of 147,849 sq.m. of this lot has been delivered to customers for use with an occupancy rate of 100%. Land lot I of Phase II, with a total leaseable area of 84,535 sq.m., also commenced operation in November in the same year and achieved full occupancy. Land lots II & III of Phase II, with a total leaseable area of 74,782 sq.m., have been completed and passed inspection at the end of June 2020, of which lot II was delivered in 2020 to customers for their use, and lot III was delivered to our partner in November 2020 in accordance with the agreed terms under the joint venture agreement. Furthermore, the Group obtained the land lot for Phase III on 12 May 2017 at the minimum bidding price of RMB620 million. Also obtaining the Construction Registration Certificate in late 2018, the Group has satisfied all construction requirements and commenced construction works in March 2019, with the roof-sealing work completed. The underground secondary structure has also been completed. The total commercial area above and below ground under development is expected to reach 125,936 sq.m., and the construction works are expected to be completed in the fourth quarter of 2021. The Group has also expedited the preliminary application process of Phases IV and V. Upon the completion of the whole project, it will have a total leaseable area of approximately 623,008 sq.m.

(b) During 2020, the global outbreak of novel coronavirus greatly impacted international trade, and along with the constant back-and-forth exchange in the U.S.-China trade war and the commencement of the Low Sulphur Fuel Surcharge implemented by the International Maritime Organisation, the international trade, shipping, logistics industries which the tenant groups of our Shanghai subsidiary operate have been hugely and adversely affected. Further, across the country, free-trade zones with richer functions have been in continuous expansion, and the Shanghai Free-Trade Zone Lingang New Area has been established, bringing great challenges to the Shanghai subsidiary in attracting businesses. The Shanghai warehouse has ensured the renewal of leases with customers by actively retaining existing customers, providing solutions to customers' problems by fully utilising its own resources, and strengthening its strategic cooperation with local park management, such that business can be stabilized and expanded by communicating sincerity. Through tireless efforts, occupancy rate averaged 62.50% in 2020.

(c) The Tianjin (Tianjin Airport Zone) warehouse is still the sole warehouse supervised by Customs within the Tianjin Binhai International Airport area. Within the warehouse, Phase I and II of Transwealth Logistics (Tianjin) Co., Ltd. ("Transwealth Logistics") has been fully leased to J&T Express since 1 November 2020, with an occupancy rate of 100%; due to the impact of the COVID-19 pandemic, the average occupancy rate of Tianjin Transwell International Logistics Co., Ltd. ("WSL Logistics") throughout 2020 was 80.9%.

(d) Tianjin (Tianjin Port Zone) warehouse is located in the Tianjin Port Bonded Zone. The project has a total land area of 30,003 sq.m. and a total gross floor area of 16,083 sq.m. Currently the project has been fully leased to Kerry EAS Logistics Limited Tianjin Branch. The contract was renewed in 2020, and the revenue remained stable.

(e) The Group operates five warehouses and two auxiliary buildings in Xiamen City, Fujian Province with a total leaseable area of 92,466 sq.m. These warehouses have been leased to a major player in the e-commerce industry of China, while the auxiliary buildings have been leased to a local industrial company. Full occupancy has been achieved and maintained between May 2018 and December 2020.

(f) The Group operates four warehouses in Dongpo District, Meishan City of Sichuan Province with a total leaseable area of approximately 97,809 sq.m. The average occupancy rate of the project was affected by the fierce competition from the surrounding area in 2020; yet, with the team's effort, the occupancy rate recorded a significant increase at the end of the year, resulting in an average of 56.42% for the year.

(g) The Group is operating two warehouses in Chengmai County, Haikou City of Hainan Province with a total leaseable area of 48,702 sq.m. The average occupancy rate was 99.07% in the 2020, following the signing of new lease contracts with a major e-commerce company and a well-known logistics company since 2019.

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

(i) The Sin-Den project in Jiangsu, Taicang City consists of 2-storeyed high-end modern general warehouses with a floor area of approximately 150,524 sq.m. and a total leaseable area of approximately 141,668 sq.m. The acquisition of the project land was completed in September 2017. Construction commenced in late 2018 and completed in November 2020. The occupancy rate at the end of 2020 was 51%. As the metropolitan area of Shanghai continues to grow, certain industries inevitably have to relocate. With its prime location, it is believed that once development is completed in future, this project will be quickly leased out and generate income and profits.

(j) In March 2019, the Group has acquired a piece of land located in Jiaozhou Economic and Technological Development Zone, Qingdao, along the west side of Jiaoda Avenue (交大大道) and the south side of Taohe Road (洮河路). The total area of the land is approximately 113,428 sq.m. The project enjoys a convenient location near the Jiaozhou Bay Express Highway (膠州灣高速) and Jiaozhou's airport, which will commence operation in the near future. Under this project, three 2-storeyed general warehouses and one multistoried cold storage is planned to be constructed conforming with international standards. The total gross floor area is approximately 155,400 sq.m. and has a total leaseable area of approximately 145,170 sq.m., with a total investment amount of approximately RMB650 million. The project has commenced construction in October 2019 and is expected to be completed in mid-2022.

2) Cold Chain Development

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

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

Warehouse location	*Notes*	**Planned and owned storage capacity** *(ton)*	**Operating leaseable storage capacity** *(ton)*	**Average occupancy rate for the year ended 31 December 2020** *(%)*	**2019** *(%)*
Tianjin, Hangu District	*(a)*	75,000	45,000	73.46	80.04
Qingdao, Chengyang District	*(b)*	8,000	8,000	50.58	45.92
Tianjin Port Area of Tianjin Free-Trade Zone Δ	*(c)*	45,000	—	—*	—*
		128,000	53,000		

Δ A joint venture of the Group

* Under construction

(a) Our Sino-Singapore Tianjin Eco-city cold chain warehouse is positioned to serve as a cold chain logistics hub and a processing and distribution centre for aquatic products in northern China. Occupying an area of approximately 31,301 sq.m., Phase I has both cold chain storage space and freezer with a total storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval and preliminary work is in progress. It is expected to complete construction and be put into operation in 2023. When operation commences, the total storage capacity of the Tianjin cold chain warehouse will reach 75,000 tons, thereby creating a comprehensive distribution centre that encompasses cold chain storage, light processing, showroom and cold chain delivery services. Due to the repeated closure of the storage area as a result of COVID-19 prevention measures, the storage capacity of the cold storage decreased. As of December 2020, the combined average occupancy rate of the cold chain storage space and freezer was 73.46%, with a total of 575 customers. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

(b) Our Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in Chengyang District of Qingdao, China. The site area and storage capacity of Phase I of this project are approximately 15,352 sq.m. and 8,000 tons, respectively. In 2020, the impact of the COVID-19 epidemic resulted in the postponement of stored goods of customers, the loss of certain customers, and the decrease in cold storage occupancy rate. As of December

2020, warehouse tenancy reached 51%. As such, Jingchangshun adjusted its plan to seek more investment opportunities and attracted three new customers that engage in frozen product trading, in order to increase the storage rate. The plan for Qingdao Jingchangshun Phase II project (i.e. the technological improvement project) is to build a meat and aquatic products processing plant, integrating warehousing, processing and delivery to transform into a delivery warehouse for urban centres and change from a single business revenue model to a diversified revenue model, in order to achieve the goal of maximising asset value. In-depth market research and feasibility study is currently under way.

(c) Tianjin Beijing Inland Port Co., Ltd. ("Tianjin Port") is a joint venture established and held by the Group and Tianjin Port Group as to 50% each. Planned gross floor area is approximately 55,000 sq.m. with total investment of approximately RMB590,000,000. The project officially commenced construction in May 2020. The construction standard is three cold storages each occupying an area of approximately 10,000 sq.m. with a capacity of 15,000 tons. Upon completion, it will become the largest cold storage group in the Tianjin Port area to date. As of December 2020, the project has completed 330,000 cubic metres of earthworks, 150,000 lane metres of piling works, 95,000 sq.m. of slabs, with construction currently progressing smoothly.

In terms of overall development, the cold chain trading business realised a turnover of approximately RMB294,440,000 in 2020. Version 1.0 (for commercial use) and version H5 of the online services and trading platform — Frozen Products Exchange (凍品交易港) (www.cciinet.cn) and the "Frozen Products Circle" were gradually optimized and launched, with front end and back end separation of the system framework successfully achieved, integrating online registration, trading and payment. Meanwhile, the online platform safety management plan, implementation of full product life cycle management and full media channel operation management are also completed. At the same time, we have built a strategic partnership with Miumi International, leveraging its overseas supplier resources and mainland delivery network and sales channels to expand the Frozen Products Trading Port business; an intention of cooperation with Feimaoyunche Logistics (飛貓雲車物流) and Shanghai Guangqi Cold Chain (上海廣齊冷鏈) on regional cold chain delivery services; an intention of cooperation with Focus Media on frozen products merchant advertising, and entered into a strategic cooperation with Zhongjin Huimin Investment Company (中金匯民投資公司) in relation to supply chain financing. Meanwhile, we have commenced in-depth strategic cooperation with various enterprises in all segments of the cold chain industry. Services will be provided through cold storage partners at different locations. At the present stage, cooperation agreements have been reached with cold storage partners in, among other places, Dalian Bonded Logistics Park, Dalian Economic and Technological Development Zone, Fengxian District in Shanghai, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Zhanjiang City in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is taking shape. Current third-party cold chain logistics service partners include the cold chain branch of JD Logistics and SF Express. Overseas logistics service providers such as Kuehne-Nagel will be enlisted soon. Supported by the recently launched international trade services and an advanced internet technology 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.

The Group will put the best effort in developing and promoting the cold chain business, with core development in our online trading platform and a full chain of processing and distribution centres in north China, east China, south China and the central China as the supporting assets.

3) Industrial Properties

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

Project location		**Planned and owned area**	**Operating leaseable area**	**Average occupancy rate for the year ended 31 December**	
				2020	**2019**
	Notes	*(sq.m.)*	*(sq.m.)*	*(%)*	*(%)*
Taicang City, Jiangsu	*(a)*	66,015	66,015	100	100
Suzhou City, Jiangsu	*(b)*	61,449	61,449	78.06	—*
Jiaxing City, Zhejiang	*(c)*	90,113	90,113	19.67	12.89
Changshu City, Jiangsu	*(d)*	169,687	169,687	55.43	21.09
Changzhou City, Jiangsu	*(e)*	478,935	—	—*	—*
		866,199	387,264		

* Under construction

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

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

(c) The land use right certificate for the project was obtained in April 2017. The project has a gross floor area of 94,455 sq.m., and was completed in May 2019, currently actively attracting business with an occupancy rate of 43% in December 2020. The project is in a location adjacent to Shanghai and has great accessibility. Local government provides strong support to the manufacturing industry, with industry support funds and policies in place. The concentration of European and U.S. high-end manufacturing enterprises has generated economies of scale. Standard, high-end and customised plants have been constructed.

(d) The land use right certificate for the project was obtained in June 2016. The project has a gross floor area of 172,693 sq.m., and was completed in May 2019, currently actively attracting business with an occupancy rate of 91% in December 2020. The project is at a prime location with well-planned facilities in the surrounding area. It has good accessibility and is in proximity to the expressway network, with extensive local high-quality labour resources and ancillary facilities.

(e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou City, Jiangsu Province in January 2018. The project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 478,935 sq.m. With a total investment amount of approximately RMB2 billion, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed in or around March 2022, and the construction of Phase II commenced in the third quarter of 2020 and is expected to be completed in March 2022. A part of the gross floor area will be sold to speed up cash recovery. The project will be the first internet economic platform cluster in Tianning District, Changzhou City and will facilitate collective innovation and sustainable development of Internet + businesses with "intelligence sharing + smart manufacturing + smart products" by integrating three core concepts, namely smart manufacturing, smart technology and smart design. It will also perform commercial, leisure and other urban functions so as to transform Jiangsu Sunan Zhicheng Technology Park into an industrial park that combine industry, city, the Internet and intelligence. The park has already signed up with Changzhou Videoworks Technology Co., Ltd. ("**Changzhou Videoworks**") (常州網博視界科技股份有限公司), an internet + industry high-tech enterprise, to jointly develop the "future video production base of China". The project is put on the list of key projects in Jiangsu Province in early 2020. It was also granted the major investment project award by Tianning District, Changzhou City.

As we have accumulated a certain amount of experience in investing, developing and managing industrial property, the Group is planning a transformation of its industry property segment. Previously, we simply focused on asset investment and disposal. Now we hope to add sustainable elements. The industrial property team of the Group has created management brands for the industrial property segment, and will, from now on, increase liaisons with more business partners, in particular, liaisons with local governments within the Yangtze River Delta area, to provide management services in relation to project investment, design, construction, promotion and disposal, so that both our business and our income can achieve diversified growth. Meanwhile, once existing projects are mature, the Group will adopt an approach that is in line with our logistics assets, where we will seek opportunity to sell projects at reasonable prices, and to realise the strategic goals of debt reduction, reinvestment and fund allocation.

4) Belt & Road Initiative

The Sino-Cambodian SEZ project is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. This project has a planned target site area of 30,000,000 sq.m. Certificate for approximately 14,667,829 sq.m. of the land has been obtained. We are proactively introducing strategic partners, and are 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 SEZ covers urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the "Belt and Road" initiative and provide Chinese merchants with a clustered integrated industrial platform. The customs, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer 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 the returns of land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

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

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

The Group believes that thanks to the stable and amicable long-term relation between China and Cambodia, as well as its effective control on land acquisition costs, the sale of such land will create fruitful returns for the Group in the future. Currently the overall project planning has been completed. The whole project will be developed in phases, and continuously financed by profits on land transfers and borrowings from financial institutions, and it is not expected to bring too much financial pressure to the Group. However, as a result of the COVID-19 epidemic, traffic between China and Cambodia lessened, and the planned schedule for project approval was disrupted, which caused a certain delay to the project development. At present, the Group is making our best efforts to overcome such difficulties, such that our development plan can commence as soon as possible.

5) **Specialised Wholesale Market**

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng") has been approved to establish a modern agricultural wholesale market project, including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesaling centre for agricultural products, serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq.m. and was officially opened in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq.m., and were officially opened in November 2017. Lot III is at the stage of sketch design refinement. As at December 2020, the market had a leaseable area of 163,002 sq.m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone, a public ancillary market facility zone. In 2020, the annual average occupancy rate of the wholesale trading zone was 78.32%, the annual average occupancy rate of the storage service zone was 62.18%, the annual average occupancy rate of the comprehensive market trading zone was 39.32%, and the annual average occupancy rate of the public ancillary market facility zone was 13.15%.

6) **Commercial Properties**

(a) Guangzhou Guangming Property Construction Co., Ltd. ("Guangzhou Guangming") owns 99% interest in Metro Mall. The mall is situated at the Beijing Road shopping district, Yuexiu District of Guangzhou City of China. Metro Mall has a gross floor area of approximately 61,967 sq.m., and is an 11-storey shopping centre providing dining, entertainment, shopping and cultural experience to customers. The average occupancy rate is maintained at approximately 85.43% in 2020.

(b) Holiday Inn Downtown Beijing Company Limited ("BJ Holiday Inn") is a wholly-owned subsidiary of the Group, and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travellers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry reasons, despite being a long time leader in occupancy rate 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 operations. The hotel has ceased operations and commenced renovations in the first quarter of 2020. Based on the entrusted contract, the Group will receive a significant increase in net profits after the renovation is completed, which is expected in the fourth quarter of 2021.

7) Beijing Enterprises City Investment Holdings Group Co., Ltd. ("BE City Investment"): On 13 November 2017, the Group and strategic investors and its management established BE City Investment, 35% equity interest of which is held by the Group as the single largest shareholder. BE City Investment is a mixed investment holding group dominated by state-owned capital. Dependent on the investment and operation of new urban infrastructures, and the introduction of urban basic industries, and with the core objective of investing in and consolidation of urban land resources and improving their values, BE City Investment is a new industry-city integration investment operator and an integrated urban public service provider that engages in the provision of basic services such as urban utility products and public services. Its principal activities include the comprehensive development of industry-city integrated urban land through the introduction of mid-to-high industries; the comprehensive investment in and operation of old district redevelopment and urban renewal projects amidst the in-depth urbanisation process; development, construction and operation of unique towns built on models such as cultural tourism and healthcare nursing located in suburban areas around China's core cities. At the present stage, the strategic plan of BE City Investment is adjusted such that the company positions itself in Yunan and Foshan, with the goal of entering of the capital market, building resource-based projects, and developing international cultural tourism, so as to fully utilize the strength of the Group's brand and the influence brought about by its projects, and realise turnover of its light assets. The development strategy in the area can be summarised as "3+2+N", namely, the three areas including "Beijing-Tianjin-Hebei, the Yangtze River Delta area, the Pearl River Delta area", the two areas including "Chengdu City and Chongqing City, and Hunan and Hubei Provinces", and the "Belt and Road" initiative, where we will explore overseas market opportunities in countries involved therein. The focus will be on core projects located in Tier 1 and 2 suburban areas, newly developed town centres and Tier 3 and 4 cities. In the future, the company will combine specific projects, in order to achieve the goal of becoming a unique comprehensive urban operation and investment group with a leading position in the PRC, and to realise development profits, so as to bring considerable returns of investment to the Group.

BUSINESS PROSPECTS

The sudden outbreak of novel coronavirus in early 2020 is ravaging the globe, causing sustained negative impact on the economy. The external environment may grow even tougher in future with increased uncertainties and challenges. For China, however, the impact of the outbreak to China's economy remains within a manageable extent, and growth has been rapid since resumption of work and production. The positive outlook of China's economy remains fundamentally unchanged. Currently, with various regions and departments introducing a series of policy measures, resumption of work and production is accelerating across the country, hitting the "reset button" for economic development as the "shroud" of the outbreak is gradually lifted. With urban development and general national regulation, land for logistics in core locations of major cities in China has become scarce, while there is still growth in warehousing demand, indicating a positive outlook for the industry. Thus, in the long run, the Group's quality logistics property projects have huge room for growth in terms of land and asset value.

In terms of the Chinese logistics segment, the Beijing Tongzhou Port project is the major focus of Beijing City. Beijing Tongzhou Logistics Park, where the project is situated, is also one of the three major logistics parks intended to be used for carrying out the Beijing City Logistics Development Plan. Upon completion, the project will combine sea, air and land freight transportation options to cover regional, domestic and international logistics nodes, to further internationalise the sub-city centre, optimise and upgrade the capital's industries, and facilitate the Coordinated Development of the Beijing-Tianjin-Hebei Region initiative.

To promote our asset-light strategy, BPHL established a logistics assets operation and management centre to enhance the occupancy rate and operational efficiency of our logistics assets. The seven projects under operation are scattered across Tianjin, Shanghai, Xiamen, Fujian, Haikou, Hainan, and Meishan, Sichuan. The operations remained stable, with stable increase in occupancy rates, thus generating stable revenue for the Company on an ongoing basis. In the future, stable and quality projects will be disposed of and realised through asset securitisation, disposal and other methods, in order to complete the Group's business model that comprises the "financing, investment, management and exit" stages.

With the constant upgrading of China's consumption structure, the rapid raise of the fresh food e-commerce industry and the numerous encouragement policies laid out by the Chinese government, the cold chain logistics industry of China entered a stage of rapid growth. With quality cold chain projects in Qingdao and Tianjin as the foundation, the Chinese cold chain segment seized business opportunities to build an online core asset consisting of frozen product trading at the online comprehensive trading centre, and an offline core asset consisting of physical cold chain storage service. These were supported by major businesses, namely, international trade agency service, supply chain finance service, cold chain delivery service and food processing service, hence creating a comprehensive service platform for the frozen product cold chain industry that incorporated an "Online to

Offline" (O2O) and "Business to Business" (B2B) business chain. The large market demand facilitated the speedy integration of the cold chain industry, thus providing an opportunity for rapid development for the cold chain platform in China, where the Group dedicates itself to develop the entire industry chain.

The industrial property segment of China is where the Group will cultivate new areas for profit growth, build diversified business models and start engaging in the investment of industrial properties. Starting from the Yangtze River Delta Economic Zone, a hub for modern service and advanced manufacturing industry with global importance, and one of the first locations to undergo the new round of China's reform and opening up, the Group proactively formulates its plan to make the area surrounding Shanghai its focus. It will set up high-end industrial factories, logistics warehouses and smart manufacturing industrial parks in places such as Taicang, Changshu, Wuzhong, Jiaxing and Changzhou, in order to attract well-established manufacturers, research and development enterprises with advanced technologies, and third party logistics companies to the area, and to provide standardized services of the highest quality. Due to the fact that high-end manufacturing industries experienced rapid development as a result of China's beneficial policies, and that the government strongly supports the construction of industrial parks and provides tax exemptions and allowances to facilitate the investment, development and operation of such parks, developers can now obtain land at a low cost. Thus, to a certain degree, they are assured of receiving subsequent income and gains from their projects.

Looking ahead, as a professional property developer, the Group develops and nurtures quality projects, eventually realising overall profit for projects through sale, completing a full investment cycle of "financing, investment, cultivation, disposal". In 2019, based on active exploration and strong efforts for completion of exit paths, work on asset disposal for part of our logistics assets and industrial property has commenced this year, in order to realise positive flow back of capital, reduce debts, and utilisation on expanding new projects, and achieve quality and sustainable development of the Group. Despite a lengthier period of development for the first cycle, the Group has accumulated a number of quality projects in the past and has realised their values; therefore, it is expected that the Group's development cycle will gradually quicken and achieve sustainable profitability in the coming years. We will also further participate in the logistics property, industrial property, cold chain and primary land development segments, with an aim to bring strong returns to our shareholders.

FINANCIAL REVIEW

Revenue and gross profit analysis

The revenue (net of business tax) for the year ended 31 December 2020 amounted to approximately HK$688.37 million, representing a decrease of approximately HK$4.29 million or 0.62%, from approximately HK$692.66 million for the year ended 31 December 2019. The gross profit for the year ended 31 December 2020 amounted to approximately HK$345.29 million, representing an increase of approximately HK$32.41 million, or 10.36% from approximately HK$312.88 million for the year ended 31 December 2019.

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

	2020		2019		Change	
Name of assets	**Revenue**	**GP Margin**	Revenue	GP Margin	Revenue	GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
High-end and modern general warehouses						
Shanghai	**69,948**		85,250		(15,302)	
Tianjin	**35,054**		33,271		1,783	
Xiamen	**30,878**		30,360		518	
Meishan	**8,944**		14,470		(5,526)	
Hainan	**17,235**		15,203		2,032	
Jiangsu	**7,406**		—		7,406	
Tongliao	**2,170**		2,433		(263)	
	171,635	**92.44**	180,987	93.07	(9,352)	(0.63)
Cold chain logistics warehouses						
Tianjin	**49,341**		38,144		11,197	
Qingdao	**2,807**		2,432		375	
	52,148	**64.54**	40,576	53.25	11,572	11.29
Trading business						
Hong Kong	**45,572**		6,872		38,700	
Beijing	**248,867**		280,985		(32,118)	
	294,439	**1.37**	287,857	0.32	6,582	1.05

Name of assets	**2020** Revenue	**2020** GP Margin	2019 Revenue	2019 GP Margin	Change Revenue	Change GP Margin
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Specialised wholesale markets						
Quzhou Tongcheng	**32,914**	**55.94**	22,733	59.20	10,181	(3.26)
Industrial properties						
Zhejiang	**63,788**		24,345		39,443	
Jiangsu	**5,750**		3,513		2,237	
	69,538	**93.32**	27,858	87.59	41,680	5.73
Commercial properties						
Guangzhou	**33,709**		38,837		(5,128)	
Beijing	**33,982**		93,809		(59,827)	
	67,691	**96.99**	132,646	63.36	(64,955)	33.63
The Group	**688,365**	**50.16**	692,657	45.17	(4,292)	4.99

High-end and modern general warehouses

The revenue contribution of high-end and modern general warehouses for the year ended 31 December 2020 amounted to approximately HK$171.64 million, representing a decrease of approximately HK$9.35 million or 5.17% from approximately HK$180.99 million for the year ended 31 December 2019. The decrease was primarily attributable to the decrease in average occupancy rate of Shanghai and Meishan warehouse. The gross profit margin slightly decreased from approximately 93.07% for the year ended 31 December 2019 to approximately 92.44% for the year ended 31 December 2020.

Cold chain logistics warehouses

The revenue contribution of cold chain logistics warehouses for the year ended 31 December 2020 amounted to approximately HK$52.15 million, representing an increase of approximately HK$11.57 million or 28.51% from approximately HK$40.58 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in inventory turnover rate which in turn increase the value-added service income.

Trading business

The revenue contribution of trading business for the year ended 31 December 2020 amounted to approximately HK$294.44 million, representing an increase of approximately HK$6.58 million or 2.29% from approximately HK$287.86 million for the year ended 31 December 2019. The gross profit margin was 1.37% for the year ended 31 December 2020. The low profit margin was due to commencement of the new business in 2019.

Specialised wholesale markets

The revenue contribution of specialised wholesale markets for the year ended 31 December 2020 amounted to approximately HK$32.91 million, representing an increase of approximately HK$10.18 million, or 44.79%, from approximately HK$22.73 million for the year ended 31 December 2019. The increase in revenue was attributable to the increase in average occupancy rate during the year.

Industrial properties

The revenue contribution of industrial properties for the year ended 31 December 2020 amounted to approximately HK$69.54 million, representing an increase of approximately HK$41.68 million or 149.61% from approximately HK$27.86 million for the year ended 31 December 2019. The sharp increase was attributable to the completion of Suzhou project and the increase in average occupancy rate of Jiaxing and Changshu project during the year.

Commercial properties

The revenue contribution of commercial properties for the year ended 31 December 2020 amounted to approximately HK$67.69 million, representing a decrease of approximately HK$64.96 million or 48.97% from approximately HK$132.65 million for the year ended 31 December 2019. The decrease was primarily attributable to the redecoration of the hotel located in Beijing.

Changes in fair value of investment properties, net

For the year ended 31 December 2020, net fair value gain of investment properties was approximately HK$508.51 million, the gain was mainly attributable to the fair value increment of properties located in the Shanghai, Qingdao, Jiangsu and Zhejiang. The increase mainly from the construction in progress turn to investment properties this year.

Other income and gains, net

For the year ended 31 December 2020, net other income and gains were approximately HK$72.26 million, which represented a decrease of approximately HK$40.54 million, or 35.94%, from approximately HK$112.80 million for the year ended 31 December 2019. The decrease in net other income and gains was primarily related to the decrease in government grant for industrial properties.

Selling and distribution expenses

For the year ended 31 December 2020, selling and distribution expenses were approximately HK$3.12 million, which represented a decrease of approximately HK$11.88 million, or 79.20%, from approximately HK$15 million for the year ended 31 December 2019. The decrease in selling and distribution expenses was primarily related to the renovation of the hotel located in Beijing.

Administrative expenses

For the year ended 31 December 2020, administrative expenses were approximately HK$205.02 million, which represented a decrease of approximately HK$24.79 million, or 10.79%, from approximately HK$229.81 million for the year ended 31 December 2019. The decrease in administrative expenses was primarily related to staff costs as the Company is carrying cost control during the year.

Other expenses

For the year ended 31 December 2020, other expenses were approximately HK$19.42 million, which represented a decrease of approximately HK$76.58 million, or 79.77%, from approximately HK$96.00 million for the year ended 31 December 2019. The decrease in other expenses was primarily related to the impairment of an associate of HK$77.89 million in 2019.

Finance costs

For the year ended 31 December 2020, finance costs were approximately HK$610.13 million, representing an increase of approximately HK$111.49 million, or 22.36%, from approximately HK$498.64 million for the year ended 31 December 2019. The increase in finance costs was primarily related to the increase in interest on USD guaranteed bonds of approximately HK$103.86 million.

Share of profits and losses of joint ventures

For the year ended 31 December 2020, the share of losses of joint ventures of approximately HK$17.63 million was mainly contributed by BIPL. The decrease in sharing profits and losses of joint ventures was primarily related to the decrease in fair value in investment properties of BIPL.

Share of losses of associates

For the year ended 31 December 2020, the share of losses of associates of approximately HK$38.77 million was mainly contributed by share the results of Beijing Enterprises Medical and Health Industry Group Limited ("BE M&H"), a listed company on The Stock Exchange of Hong Kong Limited and BE City Investment.

Income tax expense

Income tax expense for year ended 31 December 2020 included current income tax of HK$20.34 million. Deferred tax expense for the year ended 31 December 2020 was HK$112.92 million which arose from the change in the fair value of investment properties.

Investment properties

Investment properties increased by approximately HK$1,621.88 million, which was mainly due to the net effect of (i) the construction of warehouse for logistics and industrial property business of HK$236.08 million; (ii) the increase in fair value of HK$508.51 million for the year ended 31 December 2020; and (iii) the transfer of HK$534.19 million from property, plant and equipment.

Goodwill

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

Interests in joint ventures

Interests in joint ventures increased by approximately HK$95.01 million, which was mainly due to the net effect of (i) share of losses of HK$17.63 million for the year ended 31 December 2020; (ii) capital injection to a joint venture of HK$11.24 million; and (iii) share of translation reserve of HK$70.80 million.

Interests in associates

Interests in associates decreased by approximately HK$7.36 million, mainly due to the net effect of (i) share of losses of HK$38.77 million for the year ended 31 December 2020; and (ii) share of translation reserve of HK$16.44 million.

Equity investments at fair value through other comprehensive income

Equity investment increased by approximately HK$18.62 million, mainly due to (i) the increase in fair value of CAQ of HK$11.50 million; and (ii) investment in Changzhou Videoworks of HK$7.13 million during the year.

Land held for development or sale

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

Cash and cash equivalents (including restricted cash)

Cash and cash equivalents decreased by HK$241.40 million, mainly due to the net effect of (i) settlement for the put option relating to the interest in China Logistics Infrastructures (Holdings) Limited of HK$1,318.04 million; (ii) issuance of guaranteed bonds of USD750 million (approximately HK$5,850.00 million); (iii) settlement of guaranteed bonds of USD550 million (approximately HK$4,290.00 million); (iv) net bank and other loans of HK$649.11 million drawn; (v) interest paid of HK$559.08 million; and (vi) settlement of construction fee for investment properties of HK$386.11 million.

Held for sale

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

Due to other related parties

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

Bank and other borrowings

Bank and other borrowings increased by HK$927.96 million (non-current portion increased by HK$1,296.36 million and current portion decreased by HK$368.40 million), mainly due to the net effect of utilising to finance for the construction of projects in the PRC and the funding granted by BE City Development, an intermediate holding company.

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.

Liquidity and financial resources

As at 31 December 2020, for accounting purposes, the Group had total borrowings of approximately HK$10,381.91 million (31 December 2019: approximately HK$7,936.10 million) which included: (i) approximately HK$4,587.86 million from bank and other borrowings; and (ii) approximately HK$5,794.05 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 169.52% (31 December 2019: approximately 133.69%).

As at 31 December 2020, the Group's balance of bank and other borrowings amounted to approximately HK$4,587.86 million, which was denominated in United States dollars ("USD"), Hong Kong dollars ("HK$") and Renminbi ("RMB") as to 22.00%, 15.12% and 62.88%, respectively. 41.13% of these bank and other borrowings was repayable less than one year. As at 31 December 2020, the Group's cash and bank balances amounted to approximately HK$766.65 million, which were denominated in USD, HK$ and RMB as to 20.14%, 2.12% and 77.74%, respectively. Bank and other borrowings of an aggregate amount of HK$3,637.86 million bear interest at floating rates, the USD guaranteed bonds issued in February 2020 and August 2020 bear coupon rates of 5.95% per annum. The cash and bank balances, together with the unutilised banking facilities, are sufficient to finance the Group's businesses at the moment.

As at 31 December 2020, the Group's current ratio and quick ratio were approximately 103.86% and 101.22%, respectively (31 December 2019: approximately 43.19% and 40.59%, respectively).

The net total borrowings of the Group as at 31 December 2020 (total borrowings less cash and cash equivalents and restricted cash) was HK$9,615.26 million (31 December 2019: HK$6,928.05 million), representing an increase of HK$2,687.21 million as compared to the previous year.

Contingent liabilities

As at 31 December 2020, the Group had no contingent liabilities (31 December 2019: Nil).

Capital expenditures

For the year ended 31 December 2020, the Group spent approximately HK$278.21 million (For the year ended 31 December 2019: approximately HK$746.78 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2020 the Group had outstanding contracted capital commitments amounted to approximately HK$771.71 million in aggregate which comprised commitments for:

— the outstanding construction costs of approximately RMB541.57 million (equivalent to approximately HK$643.12 million) committed for warehouse facilities.

— the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$124.69 million) payable for BE City Investment.

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

Treasury policies

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

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK$ and USD. For the year ended 31 December 2020, 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 2020, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2020, the Group had bank loans with principal amounts of approximately HK$2,677.03 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2020, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2020, the Group had a total of 525 (2019: 682) employees. Total staff cost incurred for the year ended 31 December 2020 amounted to approximately HK$105.36 million (2019: approximately HK$120.44 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Partial Repurchase and Cancellation of U.S.$250,000,000 9.0% guaranteed bonds due 2020

Nimble City Limited, a subsidiary of the Company, has repurchased part of the Bonds in an aggregated principal amount of US$36,300,000 (the "Repurchased Bonds") in the open market during the period from 19 March 2020 to 8 May 2020, representing approximately 14.52% of the initial aggregate principal amount of the Bonds. All of the Repurchased Bonds have been or will be cancelled. After cancellation of the Repurchased Bonds, the outstanding aggregate principal amount of the Bonds is US$213,700,000, representing 85.48% of the initial aggregate principal amount of the Bonds.

Save as disclosed above, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020, except as disclosed below.

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

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

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting and invite the chairmen of audit, remuneration, nomination and any other committees (as appropriate) to attend. However, the chairman of the board and was unable to attend the annual general meeting held on 15 June 2020 (the "2020 AGM") due to their other business commitments. Our chairman appointed Mr. Siu Kin Wai, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit, remuneration and nomination committees also attended the 2020 AGM.

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

AUDIT COMMITTEE

The audit committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 to the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls, risk management and financial reporting of the Group, including review of the consolidated results for the year ended 31 December 2020 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 2020, the audit committee members are all independent non-executive directors. Members of the audit committee are Mr. Goh Gen Cheung (Chairman), Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.bphl.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2020 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 31 March 2021

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