北京建設 BPHL

BEIJING PROPERTIES(HOLDINGS) LTD

(incorporated in Bermuda with limited liability)

Stock Code : 925

2021

ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. QIAN Xu *(Chairman)*
Mr. SIU Kin Wai *(Chief Executive Officer)*
Mr. ZHAO Jiansuo
Mr. ZHANG Xudong *(President)*
Mr. DONG Qilin
Mr. LI Changfeng
Mr. CHENG Ching Fu *(Chief Financial Officer)*
Mr. YU Luning
Mr. NG Kin Nam

Independent Non-Executive Directors

Mr. GOH Gen Cheung
Mr. ZHU Wuxiang
Mr. James CHAN
Mr. SONG Lishui
Mr. XIE Ming

AUDIT COMMITTEE

Mr. GOH Gen Cheung *(Chairman)*
Mr. ZHU Wuxiang
Mr. James CHAN
Mr. SONG Lishui
Mr. XIE Ming

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. SIU Kin Wai *(Chairman)*
Mr. ZHANG Xudong
Mr. DONG Qilin
Mr. LI Changfeng
Mr. CHENG Ching Fu

NOMINATION COMMITTEE

Mr. James CHAN *(Chairman)*
Mr. GOH Gen Cheung
Mr. QIAN Xu
Mr. YU Luning
Mr. SONG Lishui
Mr. XIE Ming

REMUNERATION COMMITTEE

Mr. GOH Gen Cheung *(Chairman)*
Mr. YU Luning
Mr. James CHAN
Mr. SONG Lishui
Mr. XIE Ming

COMPANY SECRETARY

Mr. CHENG Ching Fu

STOCK CODE

925

AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu
Mr. SIU Kin Wai

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

66th Floor Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2511 6016
Fax: (852) 2598 6905

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton, HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants and Registered PIE Auditor

WEBSITE

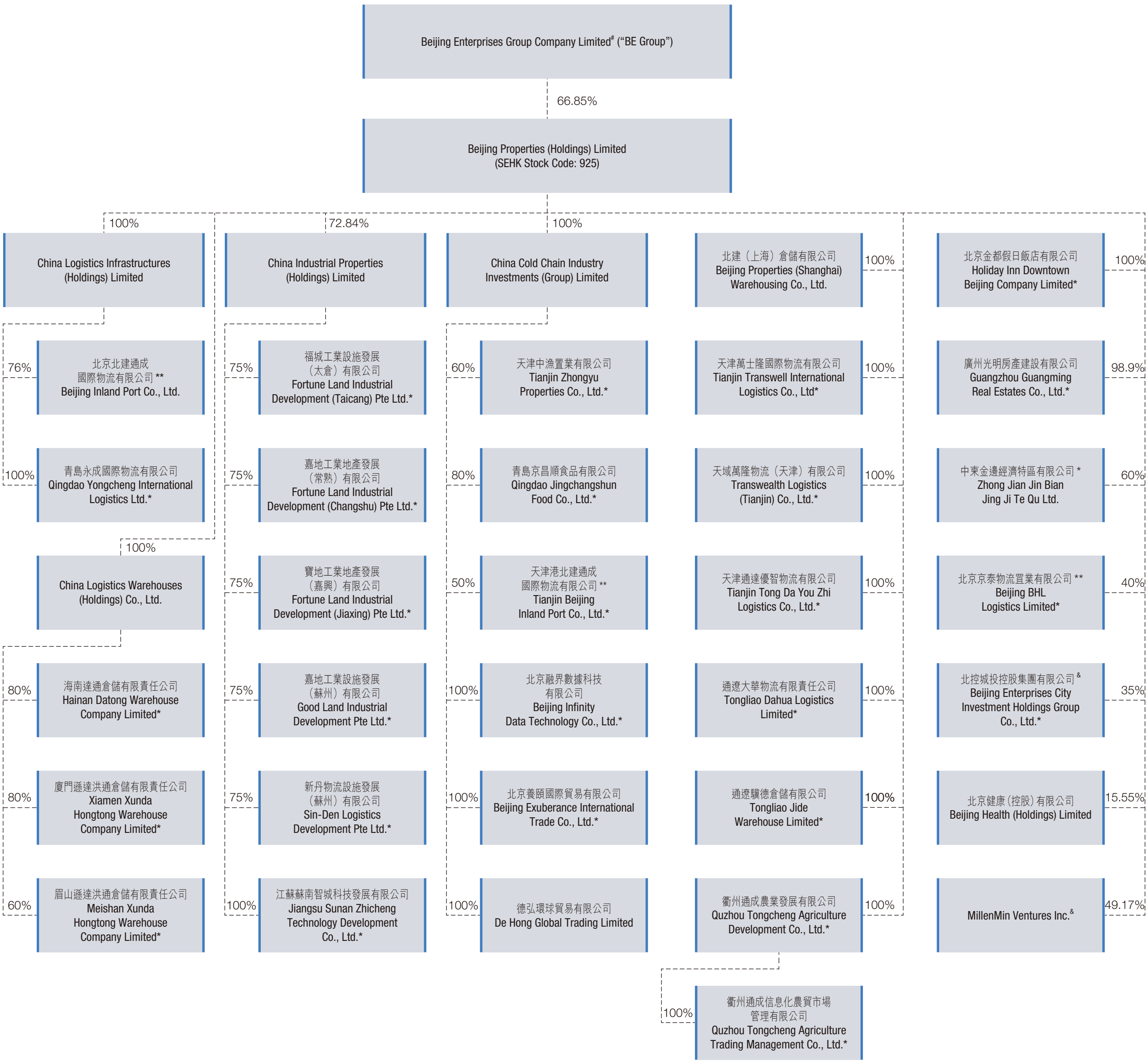
www.bphl.com.hk

PRINCIPAL BANKERS

China CITIC Bank International Ltd
Shanghai Pudong Development Bank Co., Ltd
China Everbright Bank Co. Ltd.
Taipei Fubon Commercial Bank Co. Ltd
Industrial and Commercial Bank of China Limited

Group Structure

As at 31 December 2021



\# BE Group indirect held 66.85% of the issued share capital of Beijing Properties (Holdings) Limited (the "Company") through its wholly-owned subsidiaries

* For identification purpose only

** Joint venture

& Associate

Financial Highlights

	2021 HK$'000	2020 HK$'000
Revenue	**710,817**	688,365
Profit/(loss) before tax	**(256,408)**	31,968
Loss for the year	**(335,276)**	(101,291)
Loss attributable to shareholders of the Company	**(373,982)**	(270,634)
Loss per share		
— basic (HK dollars)	**(5.37 cents)**	(3.88 cents)
— diluted (HK dollars)	**(5.37 cents)**	(3.88 cents)

	2021 HK$'000	2020 HK$'000
Total asset	**22,022,530**	20,161,273
Equity attributable to shareholders of the Company	**3,409,099**	3,488,258
Total equity	**5,651,687**	5,672,169
Cash and bank balances	**1,188,281**	766,650
Net gearing ratio (times)	**168.80%**	169.52%

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors, I hereby present the annual results of Beijing Properties (Holdings) Limited (the "Group") for 2021. In 2021, the Group has made great efforts to promote the sale of assets and achieved significant progress. Many assets will be disposed in 2022. After receiving considerable funds, the Group will make every effort to reduce debts and invest resources to develop new businesses.

Due to the excessive concentration of heavy asset management in the past, the Group is affected by the large investment cost and long recovery cycle, especially the huge expenditure of financial expenses, which directly affects the profitability of the Group. Therefore, the Group has gradually reduced the investment in heavy asset since 2020, and further started the development of cold chain industry. With technology as the lead, it started to establish a national infrastructure of cold chain industry, striving to create a leading comprehensive service platform for the imported frozen product industry — "Coldeal", and further to expand the cold chain businesses throughout upstream and downstream, namely forming "supply chain to platform to business" (S2B) and "Online to Offline" (O2O) business models featuring online with Coldeal as the core, and the offline with cold chain storage, processing and logistics as the core. During the epidemic period of the past two years, Coldeal continued to upgrade, successfully realized integrating online registration, trading and payment on the basis of technological development, and completed the online platform safety management plan, implementation of full product life cycle management and full media channel operation management. The level of the security system was upgraded to level 3 of security protection 2.0, which greatly improved the efficiency and security of the whole business process as well as users' experience.

As of the end of March 2022, the total number of registered users of Coldeal exceeded 33,000, and the cumulative number of online stores for enterprises exceeded 2,000. From a few hundred of registered users when the platform was launched in March 2020 to 10,000 registered users in July 2021, and then to 33,000 in March 2022, means that it has achieved a blowout growth in the scale of registered users within only two years, which doubled hundreds of times. Since 2020, under the severe situation of the global epidemic, the number of online registered users of Coldeal has maintained a rapid growth, which verified the forward-looking strategic decision of the Group to expand the cold chain industry earlier.

In August of the same year, relying on Internet technology, the 2nd "828 Frozen Product Exchange Festival" (828凍品交易節) held by Coldeal was a complete success, including 80 overseas suppliers, 20 representatives from different chambers of commerce, embassies and consulates general as well as 800 domestic buyers, conducting online discussion, focusing on the vertical field of frozen products, and jointly exploring the future new business forms of the cold chain industry, which will lead to a prosperous transaction scale. Coldeal will effectively demonstrate the O2O business capability, greatly improve the popularity and industrial influence, and lay a good foundation for continuous promotion of the business.

In addition, as of the end of 2021, the Group's cold chain storage business achieved revenue of HK$75.88 million, representing a year-on-year increase of 45.5%; the planned and owned storage capacity reached 128,000 tons, and the operating leaseable storage capacity reached 53,000 tons. In the face of repeated global epidemics, the Group's cold chain storage business revenue grew against the trend and maintained a stable occupancy rate, showing its development resilience.

In all aspects of the cold chain industry, the Group has also initiated in-depth strategic cooperation with various parties, such as providing services to customers through cooperation with cold storages in different regions, and cold chain logistics services have also been connected to major mainland logistics providers, and will continue to connect to overseas logistics services. During the reporting period, the Group also established good relationships with meat associations, agriculture and animal husbandry associations, etc.

In the future, the Group will achieve breakthroughs in multiple dimensions of business, commerce and technology. We will increase our efforts in traditional advantages and multi-dimensional resources, especially business resources, and strive to improve the Group's competition in the cold chain business, and an integrated service platform featuring the most comprehensive services and state-of-the-art technologies within the Chinese cold product industry will be established, and so as to further consolidate the Group's long-term profitability and model of capital gains.

QIAN Xu
Chairman

31 March 2022

Management Discussion and Analysis

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

BUSINESS REVIEW

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

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

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

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

BUSINESS REVIEW (Continued)

1) High-end and Modern General Warehouses

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

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

Δ A joint venture of the Group

* Projects under construction

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

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

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

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

BUSINESS REVIEW (Continued)

1) High-end and Modern General Warehouses (Continued)

(a) Majuqiao Logistics Park is the largest investment project to be developed and operated by Beijing Inland Port Co., Ltd. ("BIPL") and the Group. It will become one of the largest comprehensive logistics parks in northern China upon completion. The whole project will be completed in five phases, the details of which are as follows:

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

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

BUSINESS REVIEW (Continued)

1) High-end and Modern General Warehouses (Continued)

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

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

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

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

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

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

BUSINESS REVIEW (Continued)

1) High-end and Modern General Warehouses (Continued)

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

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

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

2) Cold Chain Development

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

BUSINESS REVIEW (Continued)

2) Cold Chain Development (Continued)

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

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

Δ A joint venture of the Group

* Projects under construction

(a) The Tianjin Zhongyu cold chain warehouse is positioned to serve as a cold chain logistics hub and a processing and distribution centre for aquatic products in northern China. Occupying an area of approximately 31,301 sq.m., Phase I has both cold chain storage space and freezer with a total storage capacity of approximately 45,000 tons. Phase II of the project has obtained government approval and preliminary work is in progress. It is expected to complete construction and be put into operation in 2023. When operation commences, the total storage capacity of the Tianjin cold chain warehouse will reach 75,000 tons, thereby creating a comprehensive distribution centre that encompasses cold chain storage, light processing, showroom and cold chain delivery services. Due to the impact of COVID-19 outbreak at home and abroad on the whole cold chain industry, there was a continuous increase in the cost of epidemic prevention for cold storage and a decrease in the efficiency of shipment and warehousing of goods. As at the end of 2021, the combined average occupancy rate of the cold chain storage space and freezer was 59.07%. Since the commencement of its operation, the project has maintained sound operation and achieved stable business development.

BUSINESS REVIEW (Continued)

2) Cold Chain Development (Continued)

(b) The Qingdao cold chain warehouse is principally engaged in the operation of cold logistics storage facilities in Chengyang District of Qingdao, China. The site area and storage capacity of Phase I of this project are approximately 15,352 sq.m. and 8,000 tons, respectively. In 2021, the impact of the COVID-19 outbreak resulted in the postponement of stored goods of customers, the loss of certain customers, and the decrease in cold storage occupancy rate. Qingdao Jingchangshun Food Co., Ltd. adjusted its plan in a timely manner to increase investment promotion. In the second half of 2021, cooperative operation of business was carried out with Qingdao Yonghexun Logistics Storage and Transportation Co., Ltd. (青島永和訊物流儲運有限公司) for a term of ten years, with the occupancy rate of the cold storage reaching 100%.

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

In terms of overall development of the cold chain trading business, version 2.0 (for commercial use), version H5 and App version of the online services and trading platform — Coldeal (凍品e港) (formerly known as Frozen Products Exchange (凍品交易港)) (www.cciinet.com) were gradually optimized and launched with successful integration of online registration, trading and payment. The implementation of the online platform safety management plan, full product life cycle management and full media channel operation management were completed. An evaluation of information security level protection was completed, and the level of the security system was upgraded to level 3 of security protection 2.0. As at 31 December 2021, the total number of registered users of Coldeal exceeded 20,000, while 1,646 enterprises opened stores on it since the launch of Coldeal. It entered into intentions of cooperation with Feimaoyunche Logistics (飛貓雲車物流), Shanghai Guangqi Cold Chain (上海廣齊冷鏈) and 冷網科技, respectively, on regional cold chain delivery services; and an intention of cooperation with Focus Media on frozen product merchant advertising. It also proactively expanded the ambassadorial channels and built up amicable relationships with meat, agriculture, husbandry and other industry organisations. Meanwhile, we have commenced in-depth strategic cooperation with enterprises in all segments along the cold chain industry chain. Services will be provided through cold storage partners at different locations. At the present stage, cooperation agreements have been reached with cold storage partners in, among other places, Dalian Bonded Logistics Park, Dalian Economic and Technological Development Zone, Fengxian District in Shanghai, Yangshan Free Trade Zone in Shanghai, Pudong New Area in Shanghai, Zhanjiang in Guangdong and Yantian District in Shenzhen. A storage network across coastal cities is basically completed. Current third-party cold chain logistics service partners include the cold chain branches of JD Logistics and SF Express. Overseas logistics service providers such as Kuehne-Nagel will be enlisted soon. Supported by the recently launched international trade services and an advanced Internet technology support system, an integrated service platform featuring the most comprehensive services and state-of-the-art technologies within the Chinese cold product industry will be established.

BUSINESS REVIEW (Continued)

2) Cold Chain Development (Continued)

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

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

3) Industrial Properties

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

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

* Projects under construction

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

BUSINESS REVIEW (Continued)

3) Industrial Properties (Continued)

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

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

(c) The land use right certificate for this project was obtained in April 2017. The project has a gross floor area of 94,455 sq. m. and was completed in May 2019. It is currently actively attracting business with an occupancy rate of 68.91% as at the end of 2021. The project is in a location adjacent to Shanghai and has great accessibility. The local government provides strong support to the manufacturing industry with comprehensive industry support funds and policies in place. The concentration of European and U.S. high-end manufacturing enterprises has generated economies of scale. Standardised, high-end and customised plants have been constructed.

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

(e) The Group also invested in an industrial park headquarters project located in Tianning Economic Development Zone in Changzhou, Jiangsu Province in January 2018. This project is planned to have a total land area of approximately 200 mu and a gross floor area of approximately 478,935 sq. m. With a total investment of approximately RMB2,000 million, it will be developed in two phases. Construction of Phase I commenced in June 2019 and will be completed around May 2022, and the construction of Phase II is still under planning. A part of the gross floor area will be sold to speed up cash recovery. The project will be the first Internet economic platform cluster in Tianning District, Changzhou and will facilitate collective innovation and sustainable development of Internet + businesses with "intelligence sharing + smart manufacturing + smart products" by integrating three core concepts, namely smart manufacturing, smart technology and smart design. It will also perform commercial, leisure and other urban functions so as to transform Jiangsu Sunan Zhicheng Technology Park ("Jiangsu Sunan Zhicheng") into an industrial park that combines industry, city, the Internet and smart technologies. Jiangsu Sunan Zhicheng has already signed up with Changzhou Videoworks Technology Co., Ltd. (常州網博視界科技股份有限公司) ("Changzhou Videoworks"), a high-tech enterprise in the Internet+ industry, to jointly develop the "future video production base of China". This project is put on the list of key projects in Jiangsu Province in early 2020. Jiangsu Sunan Zhicheng was also granted the Major Investment Project Award by Tianning District, Changzhou.

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

BUSINESS REVIEW (Continued)

4) Belt and Road Initiative

The Sino-Cambodian SEZ project is located in Kampong Chhnang Province, which is 65 kilometres northwest of Phnom Penh, the capital of Cambodia. It is linked to Phnom Penh by Highway 5. This project has a planned target site area of 30,000,000 sq. m. Certificate for approximately 14,667,829 sq. m. of the land has been obtained. We are proactively introducing strategic partners and actively conducting business negotiations. Currently, the compliance control design and certain municipal designs of the project have been completed. Benefiting from preferential taxation, import and export policies offered by the Cambodian government, the overall design of the SEZ covers urban functions including manufacturing and processing, logistics and commerce, technology and culture, and education and residential facilities. The project is positioned to serve Chinese enterprises under the Belt and Road Initiative and provide Chinese merchants with a clustered integrated industrial platform. The customs, commerce, labour, taxation and other departments of the Cambodian government will set up offices to offer onestop services to enterprises within the SEZ. The Group mainly conducts primary land development in the SEZ and sells the same to Chinese enterprises upon completion of land development to realise returns on land transfer. It also provides management services in industrial parks to receive sustainable management fee income.

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

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

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

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

BUSINESS REVIEW (Continued)

5) Specialised Wholesale Market

With the approval of Quzhou government authorities, Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng") has been approved to establish a modern agricultural wholesale market project, including an agricultural exchange zone, which may be utilised as the new location for the existing exchange centre in the city following its relocation, as well as ancillary commercial facilities. The existing trading centre was granted the status of first class wholesale centre for agricultural products, serving a population of approximately 30 million people. The Quzhou agricultural shopping mall project will be constructed and developed in two phases. Phase I has a gross floor area of 41,282 sq. m. and was officially opened in August 2015. Phase II consists of three lots. Lots I and II have a gross floor area of 153,856 sq. m. and were officially opened in November 2017. Lot III is at the stage of sketch design refinement. As at the end of 2021, the market had a leaseable area of 163,273 sq. m., including a wholesale trading zone, a comprehensive market trading zone, a storage service zone and a public ancillary market facility zone. For 2021, the average occupancy rates of the wholesale trading zone and the storage service zone were 76.85% and 68.65% respectively, and the operation team is making continuous efforts to conduct internal regional adjustment of the existing assets in order to improve the overall occupancy rate and the rent unit price , so that the project can achieve profitability as soon as possible.

6) Commercial Properties

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

(b) Holiday Inn Downtown Beijing Company Limited ("BJ Holiday Inn") is a wholly-owned subsidiary of the Group and is the owner of a four-star business and leisure hotel providing 333 elegantly decorated rooms to business travelers in North Lishi Road (near Financial Street, Xicheng District), Beijing. Due to industry-specific reasons, despite being a long-time leader in terms of occupancy rates among the Beijing Holiday Inn hotel brand, the hotel's contribution to the Group's profit remained limited. Thus, BJ Holiday Inn signed a contract on 12 November 2019 with Beijing Shouhou Healthcare and Elderly Care Enterprise Management Limited (北京首厚康健養老企業管理有限公司) to entrust its operations. The hotel ceased operation and commenced renovations in the first quarter of 2020. In accordance with the entrustment contract, the work is expected to be completed by the end of 2022.

BUSINESS PROSPECTS

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

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

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

FINANCIAL REVIEW

Revenue and gross profit analysis

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

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

Name of assets	**2021** Revenue HK$'000	**2021** GP Margin %	2020 Revenue HK$'000	2020 GP Margin %	Change Revenue HK$'000	Change GP Margin %
High-end and modern general warehouses						
Shanghai	**62,262**		69,948		(7,686)	
Tianjin	**33,662**		35,054		(1,392)	
Xiamen	**27,974**		30,878		(2,904)	
Meishan	**12,494**		8,944		3,550	
Hainan	**16,829**		17,235		(406)	
Jiangsu	**37,550**		7,406		30,144	
Tongliao	**2,523**		2,170		353	
	193,294	**92.73**	171,635	92.44	21,659	0.29
Cold chain logistics warehouses						
Tianjin	**73,443**		49,341		24,102	
Qingdao	**2,434**		2,807		(373)	
	75,877	**40.11**	52,148	64.54	23,729	(24.43)
Trading business						
Hong Kong	**2,106**		45,572		(43,466)	
Beijing	**184,261**		248,867		(64,606)	
	186,367	**3.14**	294,439	1.37	(108,072)	1.77
Specialised wholesale markets						
Quzhou Tongcheng	**33,370**	**70.43**	32,914	55.94	456	14.49

FINANCIAL REVIEW (Continued)

Revenue and gross profit analysis (Continued)

Name of assets	2021 Revenue HK$'000	2021 GP Margin %	2020 Revenue HK$'000	2020 GP Margin %	Change Revenue HK$'000	Change GP Margin %
Industrial properties						
Zhejiang	**119,705**		63,788		55,917	
Jiangsu	**12,915**		5,750		7,165	
	132,620	**93.66**	69,538	93.32	63,082	0.34
Commercial properties						
Guangzhou	**40,741**		33,709		7,032	
Beijing	**48,548**		33,982		14,566	
	89,289	**96.94**	67,691	96.99	21,598	(0.05)
The Group	**710,817**	**62.84**	688,365	50.16	22,452	12.68

High-end and modern general warehouses

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

Cold chain logistics warehouses

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

FINANCIAL REVIEW (Continued)

Trading business

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

Specialised wholesale markets

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

Industrial properties

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

Commercial properties

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

Changes in fair value of investment properties, net

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

Other income and gains, net

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

FINANCIAL REVIEW (Continued)

Selling and distribution expenses

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

Administrative expenses

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

Other expenses

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

Finance costs

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

Share of profits and losses of joint ventures

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

Share of losses of associates

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

FINANCIAL REVIEW (Continued)

Income tax expense

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

Investment properties

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

Goodwill

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

Interests in joint ventures

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

Interests in associates

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

Equity investments at fair value through other comprehensive income

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

Land held for development or sale

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

Properties under development for sale

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

FINANCIAL REVIEW (Continued)

Cash and cash equivalents

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

Held for sale

Held for sale represented assets and liabilities of disposal groups from (i) New Fine and New Concord; and (ii) CS Group, TCIII Group, TCIV Group and WZ Group. The disposal groups are required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. As the transaction has not been completed, the assets and liabilities from the Disposal Group are classified into held for sale as at 31 December 2021. For more details, please refer to (i) the announcements of the Company dated 28 February 2022; and (ii) the announcements of the Company dated 28 January 2022, and the circular of the Company dated 3 March 2022.

Due to other related parties

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

Bank and other borrowings

Bank and other borrowings increased by HK$402.85 million (non-current portion decreased by HK$74.85 million and current portion increased by HK$477.70 million), mainly due to the net effect of utilising to finance for the construction of projects in the PRC.

Guaranteed bonds

Guaranteed bonds represented a 3 years' period bond issued in February 2020 of which has a par value of USD600 million and additionally issued in August 2020 which has a par value of USD150 million. The Group repurchased a par value of USD10.30 million during the year ended 31 December 2021.

FINANCIAL REVIEW (Continued)

Liquidity and financial resources

As at 31 December 2021, for accounting purposes, the Group had total borrowings of approximately HK$10,728.07 million (31 December 2020: approximately HK$10,381.91 million) which included: (i) approximately HK$4,990.71 million from bank and other borrowings; and (ii) approximately HK$5,737.36 million from USD guaranteed bonds. The Group's gearing ratio, which was defined as sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and restricted cash, divided by the total equity, was approximately 168.80% (31 December 2020: approximately 169.52%).

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

As at 31 December 2021, the Group's current ratio and quick ratio were approximately 131.25% and 97.31%, respectively (31 December 2020: approximately 103.86% and 101.22%, respectively).

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

Contingent liabilities

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

Capital expenditures

For the year ended 31 December 2021, the Group spent approximately HK$141.46 million (For the year ended 31 December 2020: approximately HK$278.21 million) as capital expenditures, which consisted of the purchase of property, plant and equipment, investment properties and prepaid land lease payments.

Capital commitments

As at 31 December 2021 the Group had outstanding contracted capital commitments amounted to approximately HK$1,040.98 million in aggregate which comprised commitments for:

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

— the outstanding capital injection of approximately RMB105 million (equivalent to approximately HK$128.71 million) payable for BE City Investment.

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

FINANCIAL REVIEW (Continued)

Treasury policies

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

Foreign exchange exposure

The Group mainly operates in the PRC with most of the domestic transactions settled in RMB for its PRC business and the Company's financing activities are mainly determine in USD. Meanwhile, fluctuations of exchanges rates would impact our net assets value due to currency translation upon consolidation. If RMB appreciated/depreciated against HK$, the Group would record a(n) increase/decrease in our net assets value, as part of the Group's borrowings and cash balances are denominated in HK$ and USD. For the year ended 31 December 2021, the Group did not employ financial instruments for hedging its exposures to foreign currency risk. The Group will closely monitor its exposures to fluctuation in foreign currencies' exchange rates as exchange rate fluctuation of foreign currencies against RMB may have a material financial impact on our Group.

Significant investments and acquisitions

For the year ended 31 December 2021, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2021, the Group had bank loans with principal amounts of approximately HK$1,667.08 million being secured by certain investment properties, cash and bank balances, trade receivables and equity interests in certain subsidiaries of the Group and all of which were guaranteed by the Company.

Litigations

As at 31 December 2021, the Group had no pending litigation.

Employees and remuneration policies

As at 31 December 2021, the Group had a total of 508 (2020: 525) employees. Total staff cost incurred for the year ended 31 December 2021 amounted to approximately HK$104.41 million (2020: approximately HK$105.36 million) (including staff cost and directors' remuneration). The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and packages are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Beijing Properties (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements which indicates that notwithstanding that the Group had net current assets of HK$1.82 billion as at 31 December 2021, which included the net assets of disposal groups classified as held for sale of HK$2.76 billion, there are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's guaranteed bonds of US$740 million (equivalent to HK$5.74 billion) will be due in February 2023. This, along with other matters as set forth in Note 2.1 to the financial statements, may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors and Senior Management

Our board (the "Board") of directors (the "Directors") currently consists of fourteen Directors, comprising nine executive Directors and five independent non-executive Directors.

EXECUTIVE DIRECTORS

MR. QIAN XU

Born in September 1963, was appointed as an executive director of the Company in July 2009 and the chairman of the Company in June 2016. Mr. Qian is the chairman, general manager and director of Beijing Enterprises City Development Group Limited ("BE City"), which is a subsidiary company of the Beijing Enterprises Group Company Limited ("BE Group"). Mr. Qian graduated from the National Economics Planning and Professional Statistics of Renmin University of China with a Bachelor's degree in Economics, and has obtained his EMBA degree from Tsinghua University and the doctorate degree in Global Economics from Wuhan University respectively. Mr. Qian has extensive experience in corporate management. Mr. Qian is a director of Brilliant Bright Holdings Limited ("Brilliant Bright"), which is a controlling shareholder of the Company. Mr. Qian is the non-executive director of CAQ Holdings Limited ("CAQ"), a company listed on the Australia Stock Exchange with Listing Corporation Code of CAQ since April 2015. Mr. Qian served as the chairman of MillenMin Ventures Inc. ("MVM"), a company listed on the Toronto Stock Exchange with Listing Stock Code of MVM during the period from 18 August 2019 to 26 September 2019, the director of MVM during the period from 7 July 2017 to 26 September 2019, an executive director of Beijing Health (Holding) Limited ("BJ Health") (SEHK Stock Code: 2389) during the period from 22 May 2017 to 27 February 2019.

MR. SIU KIN WAI

Born in September 1968, was appointed as an executive director of the Company in July 2009 and the chief executive officer of the Company in July 2017. Mr. Siu graduated from the City University of Hong Kong with a Bachelor's degree in Accountancy and is fellow members of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Siu has extensive experience in corporate management. Mr. Siu is a director of Brilliant Bright, which is a controlling shareholder of the Company. Mr. Siu is the non-executive director of CAQ since April 2015, an executive director of BJ Health since May 2017, a director of MVM since July 2017, an independent non-executive director of Orient Securities International Holdings Limited (SEHK Stock Code: 8001) since September 2017, respectively. Mr. Siu was the chief executive officer of MVM. Mr. Siu has resigned as an independent non-executive director of Agritrade Resources Limited (SEHK Stock Code: 1131) with effect from 9 June 2021.

MR. ZHAO JIANSUO

Born in August 1963, was appointed as an executive director of the Company in July 2016. Mr. Zhao is the director, secretary and chairman of the labour union of BE City. Mr. Zhao graduated from the Party School of the Central Committee of C. P. C. majoring in international economics. He served in the People's Liberation Army General Staff Department from 1980 to 1992 and was a captain and assistant engineer when he retired from the army. Mr. Zhao worked at the Cadre Division of the Urban Construction Work Commission of the CPC Beijing Municipal Committee from 1992 to 2003, and joined Beijing Gas Group Co., Ltd. as the deputy director of the general office in 2003. In 2005, Mr. Zhao joined BE Group as the deputy director of the general office and deputy chairman of the labour union. In 2015, Mr. Zhao was re-designated by BE Group as the director, secretary and chairman of the labour union of its subsidiary, Beijing Enterprises Real-Estate Group Limited. Mr. Zhao has extensive experience in corporate management, internal control and government liaison.

MR. ZHANG XUDONG

Born in August 1970, was appointed as the president and an executive director of the Company in August 2020. Mr. Zhang obtained a bachelor's degree of economics from Beihang University of Aeronautics and Astronautics (BUAA) and a MBA from Newcastle Business School of Northumbria University, the United Kingdom. Prior to his service with the Company, he was business development director of china region and vice president of north china of Praxair (China) Investment Co., Ltd. in USA. Mr. Zhang has over 25 year's in corporate management who obtained a series of senior management positions in large multinational corporation and China 500 enterprises, and has accumulated extensive and management experience in large enterprises.

MR. DONG QILIN

Born in December 1965, was appointed as an executive director of the Company in June 2016. Mr. Dong is a vice general manager of BE City. Mr. Dong graduated from the University of Science and Technology in Beijing with a Master's degree in Public Administration (MPA) and obtained the professional and technological qualifications of Senior Accountant and Certified Public Accountant of the PRC. Mr. Dong has extensive experience in corporate management and financial operation.

MR. LI CHANGFENG

Born in March 1973, was appointed as an executive director of the Company in June 2016. Mr. Li is the managing director of the Company. Mr. Li graduated from the Northern Jiaotong University with a Master's degree in Transportation Management and obtained the professional and technological qualification of Engineer of the PRC. Mr. Li has extensive experience in corporate management and logistics property investment and development.

MR. CHENG CHING FU

Born in March 1974, was appointed as an executive director of the Company in July 2017. Mr. Cheng is the chief financial officer and company secretary of the Company. Mr. Cheng graduated from Curtin University, Perth, Western Australia with a Bachelor's degree in Commerce, majoring in Accounting and Finance. He then obtained a Master of Business Administration from the University of South Australia and a Master of Corporate Governance from the Hong Kong Polytechnic University. He is a fellow members of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), respectively. Mr. Cheng is the non-executive director of CAQ since November 2017 and an executive director, chief financial officer and company secretary of MVM since April 2018, respectively. Mr. Cheng has extensive experience in the field of accounting, financial management and company secretary duties.

MR. YU LUNING

Born in April 1961, was appointed as an executive director of the Company in January 2011. Mr. Yu graduated from the Economics and Management Faculty of the Beijing Industrial University with a Bachelor's degree in Economics. Mr. Yu has extensive experience in property development, corporate restructuring and financial management.

MR. NG KIN NAM

Born in December 1958, is the executive director of the Company. Mr. Ng has over 30 years of experience in management of business. In addition, he serves as the Honorable President of Eastern District Industries & Commerce Association, the Life Honorable President of Jin Jiang Clans Association (H.K.) Ltd., the Vice President of Ng Clan's Association, the Honorable President of The HK Fujian Charitable Education Fund and the director of Guangdong Chamber of Foreign Investors. Mr. Ng was an executive director of the Company from 2002 to 2009. Mr. Ng re-joined the Group in December 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. GOH GEN CHEUNG

Born in January 1947, was appointed as an independent non-executive director of the Company in November 1997. Mr. Goh has over 30 years of treasury, finance and banking experience. Mr. Goh is a certified banker of the Hong Kong Institute of Bankers and obtained his MBA degree from the University of East Asia in Macau. Mr. Goh also serves as an independent non-executive director of CEC International Holdings Limited (SEHK stock code: 759).

MR. ZHU WUXIANG

Born in May 1965, was appointed as an independent non-executive director of the Company in January 2011. Mr. Zhu is currently a professor of the Department of Finance of the School of Economics and Management, Tsinghua University. Mr. Zhu graduated from Tsinghua University in 2002, specialising in Quantitative Economics and has obtained a Doctorate. He has been studying and working at Tsinghua University since 1982. Mr. Zhu is an independent non-executive director of China Cinda Asset Management Co., Ltd. (SEHK Stock Code: 1359) since October 2016. Mr. Zhu was appointed as an independent non-executive director of Visual China Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, the PRC (Listing Corporation code: 000681) on 24 October 2018. Mr. Zhu also serves as an independent non-executive directors of CFLD Inc., a company listed on the Shanghai Stock Exchange, the PRC (Listing Corporation code: 600340). From October 2014 to October 2017, Mr. Zhu was an independent non-executive director of Dongxing Securities Corporation Limited, a company listed on the Shanghai Stock Exchange, the PRC (Listing Corporation code: 601198). From March 2016 to June 2018, Mr. Zhu was an independent non-executive director of Zhongxing Telecommunication Equipment Corporation (SEHK Stock Code: 763).

MR. JAMES CHAN

Born in January 1954, was appointed as an independent non-executive director of the Company in June 2011. Mr. Chan has over 40 years of comprehensive experience in design, planning and land matters, and design development and construction management of investment properties. Mr. Chan holds a Bachelor's degree of Arts in Architectural Studies from the University of Hong Kong, a Bachelor's degree of Architecture from the University of Dundee in Scotland and an EMBA degree from Tsinghua University. Mr. Chan served as the executive director of Pacific Century Premium Development Limited (SEHK Stock Code: 432) during the period from August 2005 to February 2020, and Mr. Chan served as an non-executive director of Viva China Holding Limited (SEHK Stock Code: 8032) during the period from 28 June 2013 to 28 June 2019.

MR. SONG LISHUI

Born in January 1958, was appointed as an independent non-executive director of the Company in December 2014. Mr. Song is currently a professor of the Department of Economics of the Faculty of Economics at the Meiji Gakuin University, Japan. Mr. Song obtained a Doctorate in Economics from the Graduate School of the Ritsumeikan University in March 1996, a Master's degree in Economics from the Graduate School of the Kyoto University in March 1991 and a Bachelor's degree in Economics from the Department of Planning and Statistics from Renmin University of the PRC in July 1986. He has been working for the Meiji Gakuin University, Japan since 1996, and is the director of the executive council of the Society of Chinese Professors in Japan and a visiting researcher of 日本TORAY經營研究所. Mr. Song is an overseas part-time researcher of the Japanese Research Center of Shanghai Jiaotong University since 2018 and the Japanese member of the RECP Industrial Cooperation Committee since April 2021. Mr. Song was a visiting scholar of the Center for East Asian and Pacific Studies at the University of Illinois, the United States. He also served as a civil servant at the Personnel and Education Department of the National Bureau of Statistics of the PRC. He has extensive experience in economic analysis.

MR. XIE MING

Born in October 1955, was appointed as an independent non-executive director of the Company in May 2017. Mr. Xie is the chairman of 固態白酒原酒委員會 of China Alcoholic Drinks Association, honorary chairmen of Sichuan Development Grain Liquor Equity Investment Fund* (四川發展純糧原酒股權投資基金) and Sichuan Yucheng Wine Industry Investment Management Co., Ltd.*（四川宇晟酒業投資管理有限公司）and Sichuan deputy to the National People's Congress. Mr. Xie was the retired chairmen of Luzhou Laojiao Co., Ltd, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000568), Luzhou Laojiao Group Co., Limited* (瀘州老窖集團有限責任公司) and Luzhou Laojiao International Development (Hongkong) Co., Limited. Prior to that, he served with the government of Luzhou as the secretary. Mr. Xie obtained a master's degree in business administration from Sichuan University in and obtained his EMBA from Tsinghua University.

The senior management team of the Group include:

MR. YUE CHEN

Born in September 1963, is the chairman and director of China Industrial Properties (Holdings) Limited ("CIPHL"), a subsidiary of the Company. Mr. Yue obtained a graduate diploma in foreign trade from the Beijing University of Technology in 1985 and obtained the professional and technological qualification of International Business Engineer of the PRC Mr. Yue has over 30 years' experience in international trade and corporate management. He is the managing director of Company since January 2018.

MR. TIAN YUE

Born in October 1963, is the chairman and director of China Logistics Warehouses (Holdings) Co., Ltd., a subsidiary of the Company. Mr. Tian graduated from Northwestern Polytechnical University with a Bachelor's degree in Industry Electrification. Mr. Tian has extensive experience in corporate management, commercial property operation and property leasing management. He is the managing director of the Company since March 2021.

MR. JIANG WEI

Born in June 1963, is the chairman and director of Quzhou Tongcheng Agriculture Development Co., Ltd. ("Quzhou Tongcheng"), a subsidiary of the Company. Mr. Jiang graduated from Harbin Railway Technical College majoring in railway engineering. Mr. Jiang has engaged in the fields of railway project construction and automobile trading for an extensive period and has extensive experience in engineering and trading. He is an executive vice president of the Company since September 2015.

MR. XIONG XIAOSEN

Born in March 1963, is an executive vice president of the Company, Mr. Xiong obtained an graduate diploma in marine propulsion management from Dalian Maritime University in July 1986 and has obtained a practicing certificate as an engineer. Mr. Xiong has over 30 years of experience in corporate management. He is an executive vice president of the Company since January 2018.

MR. XIONG PINGFANG

Born in November 1968, is an executive vice president of the Company, Mr. Xiong obtained a graduate diploma in trade and economics from the Jiangxi University of Finance and Economics in July 1991. In 1998, he studied securities and finance at the Renmin University of China and obtained the professional and technological qualification of certified public accountant of the PRC. Mr. Xiong has over 25 year's of experience in corporate financial management, securities and finance and corporate management. He is an executive vice president of the Company since December 2019.

MR. REN LIN

Born in September 1981, is the general manager of Quzhou Tongcheng, and the general manager and director of China Cold Chain Industry Investments (Group) Limited ("CCII"), a subsidiary of the Company. Mr. Ren graduated from the PLA Military Institute of Engineering with a diploma and a Bachelor's degree in Computer Science and Technology. Mr. Ren has extensive corporate management business. Between 2012 and 2018, he served as associate general manager of Beijing Inland Port International Logistics Co., Limited, an executive director and vice president of China Logistics, a director and vice president of Beijing Inland Port Co., Limited, the chairman and general manager of Tianjin Transwell International Logistics Co., Limited, the chairman and general manager of Transwealth Logistics (Tianjin) Co., Limited. Mr. Ren is a executive vice president of the Company since June 2020.

MR. SONG GUOXIN

Born in June 1968, is the chairman and director of CCII. Mr. Song obtained an graduate diploma and a bachelor of engineering degree in metallic materials and heat treatment from Xi'an Jiaotong University, as well as a post-graduate diploma in environmental economics and a second bachelor degree in economics from Renmin University of China. Mr. Song has extensive experience in corporate management. He is currently a director of Tianjin Zhongyu Properties Co., Ltd. and Tianjin Beijing Inland Port Co., Ltd. He is a executive vice president of the Company since March 2021.

MS. LIN WENTING

Born in January 1972, is the chairlady of the in-house supervisory committee of the Company. Ms. Lin obtained a graduate diploma in investment and economics from the Renmin University of China in 1996 and the practicing qualification for registered cost engineer. Ms. Lin has over 25 years' of experience in costing and cost management of real estate development projects. Ms. Lin is a senior vice president of the Company since September 2015.

MR. CHANG KAM HO

Born in November 1986, is the financial controller of the Company, Mr. Chang graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Hons) Major in Accountancy & Minor in Financial Services. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chang has over 10 years of experience in auditing and accounting, he joined the Group in August 2017.

MR. WEI JIANGGANG

Born in October 1963, is a senior vice president of the Company, Mr. Wei obtained a Bachelor's degree in international business and economics from the Beijing University of Technology, and obtained a professional qualification of Senior International Business Engineer in 1985. Mr. Wei has extensive corporate management experience, and has 33 years of experience in strategic management and investment and finance management related work. He is a senior vice president of the Company since June 2020.

MR. YANG LIMING

Born in April 1966, is the chairman and general manager of Guangzhou Guangming Real Estates Co., Ltd., a subsidiary of the Company. Mr. Yang obtained a Bachelor degree of Arts in music from China Conservatory of Music and has obtained a professional qualification of chief editor. Prior to his service with the Company, he was the director of China National Radio. Mr. Yang was appointed as a senior vice president of the Company since August 2021.

Report of the Directors

The Board presents its report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 1 to the financial statements. The Group is principally engaged in real estate including high-end and modern general warehouse, cold chain logistics warehouse and trading business, specialised wholesale market, industrial property, commercial property, primary land development. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2021 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 69 to 173. The Board does not recommend the payment of any dividend for the year.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on page 5 of this Annual Report. The financial risk management objectives and policies of the Group can be found in the note 45 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the management discussion and analysis on pages 6 to 26. In addition, discussions on the Group's environmental policies, relationship with its key stakeholders, key risks and uncertainties and compliance with relevant laws and regulations which have a significant impact on the group are contained in the Report of The Directors on pages 32 to 49 of this Annual Report.

ENVIRONMENTAL POLICY

The Group believes that sustainable development is an integral part of our business. We aim at creating long-term values for our stakeholders and contributing to the society by carrying out our business in a socially responsible way. The Group is committed to support the environmental sustainability and comply with PRC national, provincial and municipal governments' environmental protection laws and regulations. These include regulations on air pollution and discharge of waste and water into the environment. The Company is also dedicated to promote energy conservation and responding proactively to climatic changes, so as to facilitate efficient use of energy by taking several measures including constantly carries out internal recycling measures in terms of its consumables and implementing energy-saving policies to reduce electricity consumption, in order to lessen the impact on environment from operating activities to achieve the target of sustainable development.

Please refer to the environmental, social and governance Report issued separately for further information on the work done and efforts made by the Company on environmental protection, legal compliance and other aspects for the sustainable growth and development of the business of the Group.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulation by our Group that has a significant impact on the business and operations of our Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that our employees, customers, suppliers and business partners are keys to its sustainable development. The Group is committed to establish a close and caring relationship with its employees, provides competitive remuneration package to attract and motive the employees, and regularly reviews the remuneration package in order to make necessary adjustments to conform to the market standard. The selection of major suppliers or contractors is conducted through procurement assessment or tendering process and regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner. The Group is committed to provide quality of service to satisfy needs and requirements of our customers and enhance cooperation with its business partners by ongoing communication in a proactive and effective manner.

KEY RISKS AND UNCERTAINTIES

The Group is engaged in the logistics warehouse, specialised wholesale market, cold chain logistics warehouse and trading business, industrial property and commercial property businesses and the Group primarily leases its properties to customers including logistic companies, companies with significant storage requirements and foreign manufacturer.

The Group's businesses and prospects are in turn affected by the activity levels of domestic consumption, cross border trading and manufacturing activities. The operation of commercial properties is also sensitive to overall economic development and domestic consumption. China has experienced rapid growth in recent years, which has contributed to the strong demand for warehouse facilities and commercial and industrial properties. Any adverse economic developments, in particular in China, as a result of a global economic slowdown or otherwise, could lead to a general decline in domestic consumption and a slowdown in international trade, which could have a significant impact on the customers' businesses and affect the demand for warehouse facilities.

The Group cannot assure that there will continue to be growing demand for warehouse facilities and commercial and industrial properties in China. If the demand does not continue to grow or grows more slowly than expected, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group established its first overseas presence by making investments into a primary land development project in Cambodia. Overseas business may be affected by the changes in, and the instability of, international economic and political conditions as well as the regional conditions of the jurisdictions where it operates. The political and economic conditions in such regions are often subject to instability, in particular where political and economic conditions can often be volatile and unstable in Cambodia. As a result of the Group's overseas operation, it is exposed to the risks associated with expanding and conducting business in foreign countries and regions.

The Group faces foreign exchange and conversion risks, and fluctuations in Renminbi may adversely affect the Group's operations and financial results. The value of Renminbi is subject to changes in the PRC government's policies and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. The Group conducts most of its business in the PRC, and a large part of its operating cash flows is in Renminbi. Accordingly, any depreciation in Renminbi relative to the US dollar will increase the cost to the Group of servicing its payment obligations and could have an adverse effect on the Group's financial position.

KEY RISKS AND UNCERTAINTIES (Continued)

The Group has significant debt obligations under bonds and bank and other borrowings borrowed to finance project costs. As at 31 December 2021, the Group had total bonds and bank and other borrowings of approximately HK$10.73 billion and our gearing ratio (total debt to equity ratio) was 190%. All existing borrowings (except for the bonds and loans from BE City Development) are outstanding on variable interest rate terms under which interest rates will be adjusted according to market movements in interest rates. It has not been the Group's policy to hedge against movements in interest rates. Any significant increase in interest rates could have a significant adverse effect on our Group's earnings. The Group's interest rate risk mainly relates to the cash at bank and the long term bank loan. A change in interest rates at the balance sheet date would have effect on the amount of the interest costs and income.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published annual reports and audited financial statements of the Company for the year ended 31 December 2021 are set out on page 178. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 174 to 177.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, joint ventures and associates at 31 December 2021 are set out in notes 1, 18 and 19 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 36 and 37 to the financial statements.

DEBENTURE ISSUED

As at 31 December 2021, the outstanding principle amount of bonds guaranteed by the Company and issued by a wholly-owned subsidiary of the Company was US$739,700,000 with maturity date in February 2023 and fixed interest rate at 5.95% per annum.

The reason for issuance of the bond is used for the Group's general corporate purposes. Details of the bonds are included in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 47 and 38 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2021, the Company had no reserves (including contributed surplus, financial assets revaluation reserve and retained profits) available for distribution to shareholders.

Under the Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus account in the amount of HK$423,880,000 as at 31 December 2021, is available for distribution to the shareholders of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of this reserve if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In addition, the Company's share premium account, in the amount of HK$1,762,147,000, as at 31 December 2021 can be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 32.35% of the Group's revenue for the year and revenue from the largest customer included therein amounted to approximately 8.32%. Purchase from the Group's five largest suppliers (including construction contractors) accounted for approximately 86.55% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to approximately 68.13%.

During the year, none of the Directors of the Company, or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's top five customers and suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Qian Xu *(Chairman)*
Mr. Siu Kin Wai *(Chief Executive Officer)*
Mr. Zhao Jiansuo
Mr. Zhang Xudong *(President)*
Mr. Dong Qilin
Mr. Li Changfeng
Mr. Cheng Ching Fu *(Chief Financial Officer)*
Mr. Yu Luning
Mr. Ng Kin Nam

Independent non-executive directors ("INEDs"):

Mr. Goh Gen Cheung
Mr. Zhu Wuxiang
Mr. James Chan
Mr. Song Lishui
Mr. Xie Ming

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Siu Kin Wai, Mr. Dong Qilin, Mr. Ng Kin Nam, Mr. Zhu Wuxiang and Mr. Xie Ming shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received written annual confirmations of independence from all INEDs and as at the date of this report all of them are still considered to be independent.

BOARD CHANGES AND CHANGES IN DIRECTORS' INFORMATION

Information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is set out as follows:

Mr. Siu Kin Wai has resigned as an independent non-executive director of Agritrade Resources Limited (SEHK Stock Code: 1131) with effect form 9 June 2021.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the directors and senior management of the Company are set out on pages 27 to 31 of the annual report.

DIRECTORS' SERVICE CONTRACTS

All Directors (including executive Directors and INEDs) had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the Bye-Laws. No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings, other emoluments of the Directors are determined by the Company's board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee. Further details of the Company's directors' remuneration are set out on pages 121 to 123 of this annual report.

Further details of the Company's remuneration committee are set out in the corporate governance report on page 56 of this annual report.

EMOLUMENT POLICY

The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

The Company has adopted a share option scheme as incentives to Directors and eligible persons, details of the scheme is set out in note 37 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions as disclosed in the sections headed "Related Party Transactions" and "Connected Transactions and Continuing Connected Transactions"below, there were no other transactions, arrangements or contracts of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, Mr. Qian Xu and Zhao Jiansuo, being the Directors, were also directors of BE City, which engages in business of property investment and development, and they were considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group.

As the Board is independent of the board of the aforesaid company and maintains five independent non-executive Directors, the Group operates its businesses independently of, and at arm's length from, the business of the aforesaid company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the ordinary shares of the Company:

Name of Directors	Number of ordinary shares				Total	Approximate percentage of the Company's issued share capital (Note 2)
	Personal Interest	Family Interest	Corporate interest	Other interest		
Mr. Yu Luning	9,690,000	0	0	0	9,690,000	0.139%
Mr. Ng Kin Nam	98,445,200	9,729,000	42,491,800 (Note 1)	0	150,666,000	2.162%

Notes:

1. 42,491,800 ordinary shares of HK$0.10 each in the share capital of the Company ("Shares") as at 31 December 2021 are held by Jade Investment Limited which is beneficially owned by Mr. Ng Kin Nam and the spouse of Mr. Ng Kin Nam.

2. The percentage represented the number of Shares over the total issued Shares of the Company as at 31 December 2021 of 6,969,331,680 Shares.

Long position in underlying shares of the Company:

The interests of the Directors and chief executives in the share options of the Company are separately disclosed in the section "Share option scheme" below.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

SHARE OPTION SCHEME

The share option scheme that the Company established on 18 March 2010 (the "Scheme") was lapsed on 17 March 2020. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and Directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders of the Company. The Directors of the Company may, at their discretion, invite employees (including executive Directors) and non-executive Directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK$1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the Board at their discretion, save that no option may be exercised later than 10 years after the grant date. No option may be granted more than 10 years after the date of approval of the Scheme.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the Company's ordinary shares on the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Company's ordinary shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of an ordinary share of the Company. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The exercise price of the share options is subject to adjustment in case of right or bonus issues, or other similar changes in the Company's share capital. Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

Following the expiry of the Scheme, no further share option can be granted, but the provisions of the Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with provisions of the Scheme. Further details of the Scheme are disclosed in noted 37 to the financial statements.

SHARE OPTION SCHEME (Continued)

The following table discloses movements in the Company's share options outstanding during the year ended 31 December 2021 as follows:

Name or category of participant	At 1 January 2021	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year	Cancelled during the year	At 31 December 2021	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
	Number of share options								
Directors:									
Mr. Qian Xu	6,000,000	–	–	–	(6,000,000)	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	6,000,000	–	–	–	(6,000,000)	–	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	10,000,000	–	–	–	(10,000,000)	–	24-May-13	24-May-13 to 23-May-23	0.574
	9,000,000	–	–	–	(9,000,000)	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	4,000,000	–	–	–	(4,000,000)	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	5,000,000	–	–	–	(5,000,000)	–	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	40,000,000	–	–	–	(40,000,000)	–			
Mr. Zhao Jiansuo	1,500,000	–	–	–	(1,500,000)	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,200,000	–	–	–	(3,200,000)	–	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,700,000	–	–	–	(4,700,000)	–			
Mr. Siu Kin Wai	5,000,000	–	–	(5,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	–	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	6,000,000	–	–	–	–	6,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	5,000,000	–	–	–	–	5,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	3,000,000	–	–	–	–	3,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	4,000,000	–	–	–	–	4,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	28,000,000	–	–	(5,000,000)	–	23,000,000			

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options: At 1 January 2021	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year	Cancelled during the year	At 31 December 2021	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
Mr. Zhang Xudong	1,300,000	–	–	–	(1,300,000)	–	24-May-13	24-May-13 to 23-May-23	0.574
	2,000,000	–	–	–	(2,000,000)	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	700,000	–	–	–	(700,000)	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	–	–	–	(2,000,000)	–	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,000,000	–	–	–	(6,000,000)	–			
Mr. Dong Qilin	3,000,000	–	–	–	(3,000,000)	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	(5,000,000)	–	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	–	–	–	(3,300,000)	–	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	–	–	–	(3,500,000)	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	–	–	–	(2,000,000)	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	–	–	–	(2,500,000)	–	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	19,300,000	–	–	–	(19,300,000)	–			
Mr. Li Changfeng	2,500,000	–	–	–	(2,500,000)	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	(5,000,000)	–	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	3,300,000	–	–	–	(3,300,000)	–	24-May-13	24-May-13 to 23-May-23	0.574
	3,500,000	–	–	–	(3,500,000)	–	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	2,000,000	–	–	–	(2,000,000)	–	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,500,000	–	–	–	(2,500,000)	–	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	18,800,000	–	–	–	(18,800,000)	–			

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options: At 1 January 2021	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year	Cancelled during the year	At 31 December 2021	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
Mr. Cheng Ching Fu	1,000,000	–	–	(1,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	3,000,000	–	–	–	–	3,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	–	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	2,500,000	–	–	–	–	2,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	–	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	2,000,000	–	–	–	–	2,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	11,500,000	–	–	(1,000,000)	–	10,500,000			
Mr. Yu Luning	5,000,000	–	–	(5,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	5,000,000	–	–	–	–	5,000,000	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	4,000,000	–	–	–	–	4,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	4,000,000	–	–	–	–	4,000,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	–	1,000,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	3,000,000	–	–	–	–	3,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	22,000,000	–	–	(5,000,000)	–	17,000,000			
Mr. Goh Gen Cheung	2,000,000	–	–	(2,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	1,837,700	–	–	–	–	1,837,700	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	2,000,000	–	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	–	–	–	–	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	8,337,700	–	–	(2,000,000)	–	6,337,700			

SHARE OPTION SCHEME (Continued)

Name or category of participant	At 1 January 2021	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year	Cancelled during the year	At 31 December 2021	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)
	Number of share options								
Mr. Zhu Wuxiang	2,000,000	–	–	(2,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	–	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	–	–	–	–	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	–	–	(2,000,000)	–	4,500,000			
Mr. James Chan	2,000,000	–	–	(2,000,000)	–	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	2,000,000	–	–	–	–	2,000,000	24-May-13	24-May-13 to 23-May-23	0.574
	1,500,000	–	–	–	–	1,500,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	1,000,000	–	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	6,500,000	–	–	(2,000,000)	–	4,500,000			
Mr. Song Lishui	1,000,000	–	–	–	–	1,000,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
Other employees and consultants in aggregate:	75,000,000	–	–	(13,000,000)	(62,000,000)	–	28-Oct-11	28-Oct-11 to 27-Oct-21	0.465
	179,775,400	–	–	–	(158,600,000)	21,175,400	1-Jun-12	1-Jun-12 to 31-May-22	0.410
	110,800,000	–	–	–	(92,400,000)	18,400,000	24-May-13	24-May-13 to 23-May-23	0.574
	143,450,000	–	–	–	(117,250,000)	26,200,000	31-Mar-14	31-Mar-14 to 30-Mar-24	0.940
	23,300,000	–	–	–	(18,200,000)	5,100,000	28-Aug-14	28-Aug-14 to 27-Aug-24	0.750
	54,000,000	–	–	–	(39,500,000)	14,500,000	8-Apr-15	8-Apr-15 to 7-Apr-25	0.720
	586,325,400	–	–	(13,000,000)	(487,950,000)	85,375,400			
	758,963,100	–	–	(30,000,000)	(576,750,000)	152,213,100			

SHARE OPTION SCHEME (Continued)

Notes:

1. The share options have no vesting period and the exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

2. Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled under the scheme during the year ended 31 December 2021.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' and Chief Executives' interests and short positions in shares and underlying shares" and "Share option scheme", at no time during the year ended 31 December 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2021, so far as was known to the Directors or chief executive of the following persons (not being Directors or chief executive of the Company) had, an interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name	Notes	Number of shares held, capacity and nature of interest: Directly beneficially owned	Number of shares held, capacity and nature of interest: Through a controlled corporation	Number of underlying shares held, capacity and nature of interest: Directly beneficially owned	Number of underlying shares held, capacity and nature of interest: Through a controlled corporation	Total	Approximate percentage of the Company's issued share capital (%)
Brilliant Bright Holdings Limited	(a)	1,557,792,500	–	–	–	1,557,792,500	22.35%
Beijing Enterprises Real Estate (HK) Limited	(b)	2,526,882,407	1,557,792,500	–	–	4,084,674,907	58.61%
北京北控城市發展集團有限公司 (Beijing Enterprises City Development Group Limited)	(c)	–	4,084,674,907	–	–	4,084,674,907	58.61%
Illumination Holdings Limited	(d)	87,451,458	–	–	–	87,451,458	1.25%
Beijing Holdings Limited	(e)	487,166,195	87,451,458	–	–	574,617,653	8.24%
Beijing Enterprises Group Company Limited	(f)	–	4,659,292,560	–	–	4,659,292,560	66.85%

Notes:

(a) Brilliant Bright Holding Limited ("Brilliant Bright") holds 1,557,792,500 Shares.

(b) Beijing Enterprises Real Estate (HK) Limited ("BEREHK") (i) holds 2,526,882,407 Shares; and (ii) is deemed to be interested in the 1,557,792,500 Shares of Brilliant Bright by virtue of its controlling interests in its wholly-owned subsidiary, Brilliant Bright.

(c) BEREHK is a wholly-owned subsidiary of BE City. BE City is deemed to be interested in the Shares which BEREHK is interested in.

(d) Illumination Holdings Limited ("Illumination") holds 87,451,458 Shares.

(e) Beijing Holdings Limited ("BHL") (i) holds 487,166,195 shares; and (ii) is deemed to be interested in the 87,451,458 Shares of Illumination by virtue of its controlling interests in its wholly-owned subsidiary, Illumination. BHL is deemed to be interested in the Shares which Illumination is interested in.

(f) BE City and BHL are wholly-owned subsidiaries of BE Group. BE Group is deemed to be interested in the Shares which BE City and BHL are interested in.

Save as disclosed above, as at 31 December 2021, no person whose interests had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Group entered into certain activities with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to the activities in the ordinary course of the Group's business and were negotiated on normal commercial terms and at arm's length basis. Certain transactions set out in note 42 to the financial statements are connected transactions as defined under the Listing Rules and were complied and exempt with the requirements of Chapter 14A of the Listing Rules. The disclosures required by Rule 14A.71 of the Listing Rules during the year are provided in the paragraph headed "Connected Transactions" as identified below.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Connected transactions

The Group did not carry out any connected transaction during the year.

Continuing connected transactions

The Group had the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.33 of the Listing Rules) during the year:

Supplement Agreement to the Deposit Services Master Agreement

On 29 June 2015, the Company entered into the deposit services master agreement ("Deposit Services Master Agreement") with Beijing Enterprises Group Finance Co., Ltd. ("BG Finance"), pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. The deposit services master agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk. The annual cap for each of the three years ending 31 December 2015, 2016 and 2017 is HK$250 million.

On 28 April 2017, the Company and BG Finance entered into the supplemental agreement to the deposit services master agreement to revise the annual cap for each of the three years ended 31 December 2017, 2018 and 2019 to HK$650 million.

On 29 October 2019, the Company BG Finance entered into the second supplemental agreement to deposit services master agreement (the "Second Supplemental Agreement") to revise the annual cap for each of the three years ending 31 December 2020, 2021 and 2022 to HK$400 million (the "Revised Annual Cap").

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION (Continued)

Continuing connected transactions (Continued)

Supplement Agreement to the Deposit Services Master Agreement (Continued)

The rate at which interest will accrue on any deposit placed by the Group with BG Finance under the Deposit Services Master Agreement will not be lower than the following:

i. the minimum interest rate prescribed by the People's Bank of China for the same type of deposits at the same period;

ii. the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits at the same period; and

iii. the interest rates offered by BG Finance to other members of Beijing Enterprises Group Company Limited for the same type of deposits.

Each of BE Group and Beijing Enterprises Holdings Limited ("BEHL") is a connected person of the Company under the Listing Rules by virtue of each being a substantial shareholder of the Company. As each of BE Group and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BE Group and BEHL. Therefore, the entering into of the Second Supplemental Agreement constituted continuing connected transactions of the Company which was subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The above continuing connected transaction was carried out within the Revised Annual Cap. Details of which can be found on the websites of the Company and the Stock Exchange.

The Directors of the Company confirmed that the Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The INEDs of the Company had reviewed these continuing connected transactions and confirmed that these continuing connected transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of these continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

PERMITTED INDEMNITY PROVISION

The bye-laws provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DONATIONS

During the year, no charitable donations was made by the Group.

EQUITY-LINKED AGREEMENTS

As of 31 December 2021, other than the share option scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Final Maturity	Specific performance obligations
7 June 2018	Revolving loan facility with a bank	HK$200 million	—	Note 1
21 February 2019	Revolving loan facility with a bank	HK$350 million	—	Note 1
13 June 2019	Term loan facility with a bank	HK$182 million and USD6.5 million	June 2022	Note 1
23 September 2019	Revolving loan facility with a bank	HK$180 million	—	Note 1
24 February 2020	Subscription agreement for issuance of bonds	USD600 million	February 2023	Note 1
17 March 2020	Term loan facility with a bank	USD100 million	March 2023	Note 1
7 August 2020	Subscription agreement for issuance of bonds	USD150 million	February 2023	Note 1
14 October 2020	Term loan facility with a bank	USD29.2 million and RMB78.75 million	October 2022	Note 1
9 June 2021	Term loan facility with a bank	USD65 million and HK$195 million	June 2023	Note 1

Note:

1. The Company undertakes to the bank(s) that the borrower (which is a subsidiary of the Company) will procure BE Group to continue to beneficially own (directly or indirectly) at least 40% of the entire issued share capital of the Company. If the borrower fails to perform or comply with this, the bank is entitled to require, by written notice to the Company, to cure such default within the time specified by the banks. If the Company does not remedy such failure to the bank's satisfaction, the bank is entitled to (a) declare the loan under the Agreement(s), accrued interest and all other sums payable under the Agreement(s) immediately due and payable; and (b) declare the loan facility terminated whereupon the obligation of the bank to make any advance under the loan facility shall immediately cease.

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 annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the reporting period of the Group are set out in note 46 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board of the Company, the Company had complied with all code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules during the financial year ended 31 December 2021 and up to the date of publication of this annual report, except as disclosed in the Corporate Governance Report.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the year ended 31 December 2021.

AUDITOR

Ernst & Young retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Group for the year ended 31 December 2021 were approved by the Board on 31 March 2022.

ON BEHALF OF THE BOARD
Qian Xu
Chairman

Hong Kong
31 March 2022

Corporate Governance Report

The Company strongly committed to maintain a quality corporate governance so to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhancement of shareholders' value.

In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year, except for certain deviations disclosed herein below.

BOARD OF DIRECTORS

Board Composition

During the year and up to the date of this annual report, the Board consists of fourteen directors: comprising nine executive Directors, namely, Mr. Qian Xu, Mr. Siu Kin Wai, Mr. Zhao Jiansuo, Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Li Changfeng, Mr. Cheng Ching Fu, Mr. Yu Luning and Mr. Ng Kin Nam; and five independent non-executive Directors ("INEDs"), namely, Mr. Goh Gen Cheung, Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming.

Role and Function

The principal function of the Board are to formulate corporate strategy and business development and to ensure a high standard of corporate governance. The Board met regularly during the year to approve acquisition, material contracts, discloseable and/or connected transactions, director's appointment or reappointment, significant policy and to monitor the financial performance of the Group in pursuit of its strategic goals. Day to day operation of the Company is delegated to the chief executive officer, chief financial officer and the management of the Company. There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of training materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

BOARD OF DIRECTORS (Continued)

Role and Function (Continued)

According to the records maintained by the Company, the current Directors received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code contained in Appendix 14 of the Listing Rules on continuous professional development during the year ended 31 December 2021.

Directors	Read materials	Attending seminars/briefing
Executive directors		
Mr. Qian Xu	✓	
Mr. Siu Kin Wai	✓	✓
Mr. Zhao Jiansuo	✓	
Mr. Zhang Xudong	✓	✓
Mr. Dong Qilin	✓	
Mr. Li Changfeng	✓	
Mr. Cheng Ching Fu	✓	✓
Mr. Yu Luning	✓	
Mr. Ng Kin Nam	✓	
Independent non-executive directors		
Mr. Goh Gen Cheung	✓	✓
Mr. Zhu Wuxiang	✓	✓
Mr. James Chan	✓	✓
Mr. Song Lishui	✓	
Mr. Xie Ming	✓	

BOARD OF DIRECTORS (Continued)

Meetings

Attendance records of the Board meetings, meetings of all committees and general meetings of the Company for the year ended 31 December 2021 were set out below:

	Board meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	General meeting
Number of meetings held	2	2	1	1	2
Name of director	**Number of meetings attended**				
Executive directors					
Mr. Qian Xu	2/2	N/A	N/A	0/1	0/2
Mr. Siu Kin Wai	2/2	N/A	N/A	N/A	2/2
Mr. Zhao Jiansuo	1/2	N/A	N/A	N/A	0/2
Mr. Zhang Xudong	2/2	N/A	N/A	N/A	0/2
Mr. Dong Qilin	2/2	N/A	N/A	N/A	0/2
Mr. Li Changfeng	2/2	N/A	N/A	N/A	0/2
Mr. Cheng Ching Fu	2/2	N/A	N/A	N/A	2/2
Mr. Yu Luning	2/2	N/A	1/1	1/1	0/2
Mr. Ng Kin Nam	2/2	N/A	N/A	N/A	0/2
Independent non-executive directors					
Mr. Goh Gen Cheung	2/2	2/2	1/1	1/1	2/2
Mr. Zhu Wuxiang	2/2	0/2	N/A	N/A	0/2
Mr. James Chan	2/2	2/2	1/1	1/1	1/2
Mr. Song Lishui	2/2	2/2	1/1	1/1	0/2
Mr. Xie Ming	2/2	2/2	1/1	1/1	0/2

BOARD DIVERSITY POLICY

To improve the performance quality of the Company, the Board approved to adopt the board diversity policy on 30 August 2013. The Board believes that board member diversity can be achieved by considering various factors, including but not limited to gender, age, cultural and educational background, race, professional experience, expertise, knowledge, term of services and other talents. All Board appointments are made with reference to the Company's business models and specific needs from time to time, and candidates will be considered with due regard for the benefits of diversity on the Board if allowed by objective business conditions. The nomination committee will be mainly responsible for identifying suitable and competent candidates for board members, and considering such candidates in light of objective conditions. As a part of the review on the annual performance of the Board, considerations made by the nomination committee will balance the skills and experience as required by business targets of the Company with diversity factors. To achieve board diversity, the nomination committee will discuss and develop measurable objectives from time to time, and propose the above to the Board for adoption and implementation. Generally speaking, selection of candidates by the nomination committee shall be based on a range of diversity perspectives including but not limited to gender, age, cultural and educational background, race, professional experience, expertise, knowledge and term of services. However, the final decision will depend on the strengths of candidates and their prospective contributions to the Board. The Board may improve one or more diversity perspectives from time to time, and implement the upgraded measurements. The nomination committee will review the policy from time to time, including conducting assessments on the effectiveness of the policy. The nomination committee will also discuss any amendment that may be necessary, and submit amendment proposals to the Board for approval.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFY

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities against possibility of legal action to be taken against its Directors and officers. During the year, no claim was made against the directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the financial year ended 31 December 2021, the chairman and the chief executive officer are held separately by Mr. Qian Xu and Mr. Siu Kin Wai respectively. The segregation of duties of the chairman and the chief executive officer ensures a clear distinction in the chairman's responsibility to provide leadership for the Board and the chief executive officer's responsibility to manage the Company's business. Their roles are clearly defined to ensure their respective independence. There is no relationship between the chairman and chief executive officer of the Board in respect of financial, business, family or other material/relevant relationship.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers that the INEDs can provide independent advices on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

All INEDs had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the bye-laws of the Company (the "Bye-Laws").

The Company has received written annual confirmations from all INEDs confirming their independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all INEDs are independent.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of 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 under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021, except as disclosed below.

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

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

Under the code provision E.1.2, the chairman of the board should attend the Annual General Meeting and invite the chairmen of audit, remuneration, nomination and any other committees (as appropriate) to attend. However, the chairman of the board was unable to attend the annual general meeting held on 15 June 2021 (the "2021 AGM") due to his other business commitments. Our chairman appointed Mr. Siu Kin Wai, the executive director of the Company, to chair the meeting on his behalf and the chairmen of the audit, nomination and remuneration committees also attended the 2021 AGM.

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

BOARD COMMITTEES

The Board has established a number of board committees to strengthen its functions and corporate governance practices, including Audit Committee, Investment and Risk Management Committee, Remuneration Committee and Nomination Committee. All Committees perform their specific roles and duties in accordance with their respective written terms of reference.

Audit Committee

The Audit Committee was established in 1999 and all members are INEDs. Members of the Audit Committee are Mr. Goh Gen Cheung (Chairman), Mr. Zhu Wuxiang, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming. The Audit Committee is chaired by Mr. Goh Gen Cheung who is an associate member of the Chartered Institute of Bankers and has over 30 years of treasury, finance and banking experience. All members of this committee hold the relevant industry and financial experience necessary to advise on Board strategies and other related matters. The Board adopted a set of the revised terms of reference of the Audit Committee effective from 1 January 2019, which had included changes in line with the requirements under the Listing Rules. The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee is mainly responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and reviewing the Group's internal controls and risk management. In addition, the Audit Committee had been delegated the responsibility to perform the corporate governance functions including:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Every year, the Audit Committee meets with the Group's independent auditors to discuss the annual audit plan. The meetings of the Audit Committee are attended by members of the committee, and where necessary, the independent auditors. Independent auditors made presentations to the Audit Committee on implications of the introduction of new accounting standards in Hong Kong and their audit methodologies. The Audit Committee subsequently reported its recommendations to the Board for further review and approval. The Audit Committee is also entrusted with monitoring and assessing the independence and objectivity of the independent auditors and the effectiveness of the audit process. All partners of independent auditors are subject to periodic rotations, and where necessary, the ratio of annual fees for non-audit services and for audit service is subject to close scrutiny by the Audit Committee.

A summary of the work performed by the Audit Committee during the year ended 31 December 2021, the Audit Committee reviewed and discussed consolidated financial statements of the Group for the financial year ended 31 December 2021 and the Group's unaudited interim results for the six months ended 30 June 2021 with the external auditor, considered and approved the audit work of the auditors, and reviewed the business and financial performance of the Company and internal control system and risk management and determined the policy for corporate governance. The Group's annual report for the year ended 31 December 2021 has been reviewed by the Audit Committee.

The terms of reference of the Audit Committee which can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

BOARD COMMITTEES (Continued)

Investment and Risk Management Committee

The investment and risk management committee was established on 4 May 2011 and is mainly responsible for: (i) assessing and recommending to the Board all possible investment proposals prepared by the senior management; (ii) analysing the possible adverse effect of global economic environment and recommending measures and solutions to the Board; and (iii) assessing the operating risks of the Group and recommending solutions to the Board.

For the year ended 31 December 2021, the members of the investment and risk management committee were Mr. Siu Kin Wai (Chairman), Mr. Zhang Xudong, Mr. Dong Qilin, Mr. Li Changfeng and Mr. Cheng Ching Fu. All members are executive directors of the Company as the committee will mostly involve in operational matters of the Company.

A summary of the work performed by the Investment and Risk Management Committee during the year ended 31 December 2021, the Investment and Risk Management Committee reviewed and assessed all acquisitions, investments and disposals proposed by the senior management in terms of their benefits to the Company and the potential risks associated. There are one meeting held by the Investment and Risk Management Committee during the year. The terms of reference of the Investment and Risk Management Committee which can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

Remuneration Committee

The Remuneration Committee was established in 2005. The majority of the Remuneration Committee members are INEDs. Members of the Remuneration Committee are Mr. Goh Gen Cheung (Chairman), Mr. Yu Luning, Mr. James Chan, Mr. Song Lishui and Mr. Xie Ming. The Board adopted a set of the revised terms of reference of the Remuneration Committee effective from 30 March 2012, which had included changes in line with the requirements under the Listing Rules. The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management with the Board retaining the final authority to approve executive Directors' and senior management remuneration. Its principal role is to assist the Board to oversee the policy and structure of the remuneration of the Director(s) of the Company and senior officers of the Group. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no Director is involved in decision of his own remuneration.

A summary of the work performed by the Remuneration Committee during the year ended 31 December 2021, the Remuneration Committee have reviewed remuneration policy and oversee the remuneration packages of executive Directors and senior management taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management.

The terms of reference of the Remuneration Committee which can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

BOARD COMMITTEES (Continued)

Nomination Committee

The Nomination Committee was established in 2005. The majority of the Nomination Committee members are INEDs. Members of the Nomination Committee are Mr. James Chan (Chairman), Mr. Goh Gen Cheung, Mr. Qian Xu, Mr. Yu Luning, Mr. Song Lishui and Mr. Xie Ming. The Board adopted a set of the terms of reference of the Nomination Committee effective from 30 August 2013, which had included changes in line with the requirements under the Listing Rules. The Nomination Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. The major responsibilities of the Nomination Committee include to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive Officer as well as the senior management.

A summary of the work performed by the Nomination Committee during the year ended 31 December 2021, the Nomination Committee has reviewed and evaluated the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the Directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings; reviewed and recommended the re-appointment of the retiring Directors and assessed independence of the independent non-executive Directors.

The terms of reference of the Nomination Committee which can be viewed on the website of the Company under the section headed "Management" and the website of the Stock Exchange.

The Company has adopted nomination policy (the "Nomination Policy") on 15 February 2019. The purpose is to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director. The nomination committee of the Company (the "Nomination Committee") shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- Reputation for integrity;
- Accomplishment and experience;
- Commitment in respect of available time and relevant interest;
- The Company' board diversity policy that ensures the Board has diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- In the case of independent non-executive Directors, the independence of the candidate (the independence requirements as set out under any applicable laws, rules and regulations shall have been met).

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Each proposed new appointment, election or re-election of a director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Board will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for evaluating and determining the nature and extent of the risks that should be taken in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems to safeguard the Group's assets and shareholders' interests. To achieve this and, the setting up of a management structure with limits of authority, and is designed to help the Group achieve its business objectives, protects its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information, and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate all risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year under review, the external advisory conducted an internal control review on risk management in financing, monitoring of controls, operational level controls such as procurement business, construction in progress, investment management etc. and provided recommendations to enhance the internal control system of the Group. We have adopted and implemented the recommendations and the external advisory has not identified any material findings which may have material impact on the effectiveness of our internal control system. Based on the results of the follow-up review, the Board together with the Audit Committee considers that there were no significant internal control or risk management issues that would have an adverse impact on the financial position or operations of the Group. The Group also understands that risk management and internal control systems are not merely about policies and manuals, but about people and the actions they take at every level of the Group. To support all employees, regular training is provided to strengthen their awareness of risk and capability to manage risks. The Board together with the Audit Committee reviewed that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year.

DIVIDEND POLICY

The Company has adopted a dividend policy on 15 February 2019. It aims to provide Shareholders with stable and sustainable returns.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. Any payment of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-Laws of the Company and any applicable laws, rules and regulations.

The declaration and payment of any dividend shall be determined at the sole discretion of the Board having taken into account, inter alia, the general financial condition of the Group, the Group's actual and future operations and liquidity position, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios and the debt level, any restrictions on payment of dividends that may be imposed by the Group's lenders, the retained earnings and distributable reserves of the Company and each of the members of the Group, the shareholders' and the investors' expectation and industry's norm, the general market conditions and any other factors that the Board deems appropriate.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

AUDITOR'S REMUNERATION

During the year under review, external auditor's remuneration for annual audit services was approximately HK$4.4 million; and external auditor's remuneration for non-audit service assignments was approximately HK$1.3 million, which represented agreed-upon procedures engagement in connection with the Group's interim report, tax advisory and compliance services and financial and tax due diligence assignments. The Audit Committee had concluded that it is satisfied with the findings of its review of the audit and non-audit services fees, process and effectiveness, independence and objectivity.

COMPANY SECRETARY

Mr. Cheng Ching Fu, as the executive director, chief financial officer and company secretary of the Company. The biographical details of Mr. Cheng are set out under the section headed "Directors and Senior Management". In accordance with Rule 3.29 of the Listing Rules, Mr. Cheng has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial year which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the accounts for the year ended 31 December 2021, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Ernst & Young, the Company's external auditors, is set out on pages 62 – 68 of the "Independent Auditor's Report" in this annual report.

SHAREHOLDERS' RIGHTS

Convening a special general meeting by shareholders ("SGM")

The Board shall be on the written requisition of shareholders of the Company holding at the date of the deposit of the requisition in aggregate not less than one-tenth of such of the paid-up capital of the Company carrying the right of voting at the SGM, forthwith proceed duly to convene the SGM ("Requisition"). The Requisition, which may consist of several documents in like form each signed by one or more requisitionists, must state the objects of the SGM and deposited at the Company's head office and principal place of business in Hong Kong.

If the Board does not within twenty-one days from the date of the deposit of the Requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM in the same manner, as nearly as possible, as that in which SGM may be convened by the Board, but any meeting so convened shall not be held after the expiration of three months from the aforesaid date of the deposit of the Requisition.

All reasonable expenses incurred by the requisitionists as a result of the failure of the Board to convene such a SGM shall be reimbursed to them by the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board for the attention of the secretary of the Company ("Company Secretary") via email (ir@bphl.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for putting forward proposals at shareholders' meetings

If a shareholder of the Company wishes to put forward proposals at the annual general meeting (the "AGM")/SGM which is to be held, such shareholder, who is duly qualified to attend and vote at such general meeting, shall follow the procedures as set out below which are required in accordance with the Bye-laws and the Listing Rules.

1. A shareholder shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the AGM/SGM.

2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

SHAREHOLDERS' RIGHTS (Continued)

Procedures for putting forward proposals at shareholders' meetings (Continued)

3. The period for lodgment of the foregoing notices required under the Bye-Laws shall commence on the day after the despatch of the notice of the AGM/SGM and end no later than 7 days prior to the date of the AGM/SGM and such period shall be at least 7 days.

4. If the foregoing notices shall be received less than 10 business days prior to the date of such AGM/SGM, the Company needs to consider the adjournment of such AGM/SGM in order to allow shareholders of the Company 14 days' notice (the notice period must include 10 business days) of the proposal.

5. The foregoing notice of intention to propose a resolution will be verified by the Company's branch share registrar in Hong Kong (the "Branch Share Registrar"). Upon confirmation from the Branch Share Registrar, the Company Secretary will present to the board of Directors for their approval on the inclusion of the proposed resolutions in the AGM/SGM.

INVESTOR RELATIONS

Communication with shareholders

The Board believes that effective and proper investor relations play an important role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence.

During the financial year ended 31 December 2021, the Company has proactively taken the following measures to ensure effective shareholders' communication and enhance our transparency:

1. maintained frequent contacts with institutional shareholders and investors through various channels such as meetings, telephone and emails; and

2. updated regularly the Company's news and developments through the "investor relations" section of the Company's website.

The above measures will provide shareholders with the latest development of the Group as well as the real estate including high-end and modern general warehouse, cold chain logistics warehouse and trading business, specialised wholesale market, industrial property, commercial property and primary land development.

Constitutional documents

The special resolution regarding the amendments to the Bye-laws had been passed by the shareholders of the Company at the AGM held on 29 June 2012. There was no change to the Company's Memorandum of Association and Bye-laws during the year ended 31 December 2021. An updated consolidated version of the Memorandum of Association and Bye-Laws is available on both the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
www.ey.com

To the shareholders of Beijing Properties (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Properties (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 173, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 to the financial statements which indicates that notwithstanding that the Group had net current assets of HK$1.82 billion as at 31 December 2021, which included the net assets of disposal groups classified as held for sale of HK$2.76 billion, there are identified events or conditions that indicate the existence of a material uncertainty related to going concern, when considering that the Group's guaranteed bonds of US$740 million (equivalent to HK$5.74 billion) will be due in February 2023. This, along with other matters as set forth in Note 2.1 to the financial statements, may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, and net realisable value of land held for development or sale and properties under development for sale	
At 31 December 2021, the Group had investment properties with a total carrying amount of approximately HK$10,692 million, of which approximately HK$2,227 million was included in assets of disposal groups classified as held for sale. These properties were all located in Mainland China of the People's Republic of China (the "PRC") and are either leased to third parties or under construction. The Group adopts the fair value model to measure its investment properties in accordance with Hong Kong Accounting Standard ("HKAS") 40 *Investment Property* and, for the purpose of assisting management in their assessment of the fair values, engaged an independent professional valuer to perform fair value valuations of all its investment properties.	We evaluated the objectivity, independence and competence of the external valuer. We reviewed the data used as inputs for the valuations and also involved our internal valuation specialists to assist us in evaluating the valuation methodologies adopted, the discount rate used and performing market value benchmarking against comparable properties, on a sample basis. Finally, we assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
In addition, as at 31 December 2021, the Group had land held for development or sale located in Cambodia and properties under development for sale located in Mainland China of the PRC amounted to approximately HK$4,160 million and HK$1,812 million, respectively, which represented 18.9% and 8.2% of the total assets of the Group. Land held for development or sale and properties under development for sale are stated at the lower of cost and net realisable value. The net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The Group engaged an independent professional valuer to perform fair value valuations of all its land held for development or sale and properties under development for sale for the purpose of assisting management in their impairment assessment. The valuations of investment properties and land held for development or sale and properties under development for sale involve significant judgements and estimation. The significant accounting judgements and estimates and disclosures for fair value measurement of investment properties, and land held for development or sale and properties under development for sale are included in notes 3, 14 and 21 to the consolidated financial statements.	

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment testing of interests in an associate The Group held interests in associates, which is accounted for using the equity method. In accordance with HKAS 36 *Impairment of Assets*, where an indication of impairment of these assets exists, the Group will estimate the recoverable amounts of the relevant assets based on the higher of the value-in-use and the fair value less costs of disposal. An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. At 31 December 2021, the Group identified that the market value of the one of the Group's major associates (the "Associate") was significantly lower than its carrying amount of HK$430 million as of that date. Hence, the Group performed an impairment assessment on this investment in the Associate by calculating its recoverable amount based on i) value-in-use as determined by the discounted cash flow model of the Associate's core businesses, ii) the fair value of the Associate's non-core businesses assets, including lands, properties, listed equity investments and etc., and iii) discount of lack of control over the Associate. Based on the assessment result, impairment loss of approximately HK$46 million was recognised during the year. An accumulated impairment loss of approximately HK$123 million had been recorded by the Group on the investment of the Associate as at 31 December 2021. The significant accounting judgements and estimates and disclosures for the impairment testing of investment in an associate are included in notes 3 and 19 to the consolidated financial statements, respectively.	We evaluated the objectivity, independence and competence of the external valuer. For the Associate's core businesses, we evaluated the reasonableness of the inputs and assumptions used to determine the cash flow forecasts against historical performance, economic and industry indicators and the Group's strategies plans. We also involved our internal specialists to assess the appropriateness of the discount rates used and performed the sensitivity analysis on the above key assumptions, considering a range of alternative outcomes to determine sensitivity of results to changes in assumptions. For the properties and lands relating to the Associate's non-core businesses, we reviewed the data used as inputs for the valuations and also involved our internal valuation specialists to assist us in evaluating the valuation methodologies adopted and performing market value benchmarking against comparable assets. In addition, we involved our internal specialists to assess the appropriateness of the discount of lack of control applied in the computation of the recoverable amount. Finally, we assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is TSANG, Chiu Hang.

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2022

Consolidated Statement of Profit or Loss

Year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
REVENUE	5	**710,817**	688,365
Cost of sales and services		**(264,115)**	(343,077)
Gross profit		**446,702**	345,288
Changes in fair value of investment properties, net	14	**27,776**	508,507
Other income and gains, net	6	**41,706**	72,259
Selling and distribution expenses		**(6,218)**	(3,115)
Administrative expenses		**(191,103)**	(205,020)
Other expenses, net		**(14,477)**	(19,423)
Finance costs	7	**(597,824)**	(610,127)
Share of profits and losses of:			
Joint ventures	18(b)	**73,764**	(17,632)
Associates	19(b)	**(36,734)**	(38,769)
PROFIT/(LOSS) BEFORE TAX	8	**(256,408)**	31,968
Income tax	11	**(78,868)**	(133,259)
LOSS FOR THE YEAR		**(335,276)**	(101,291)
Attributable to:			
Shareholders of the Company		**(373,982)**	(270,634)
Non-controlling interests		**38,706**	169,343
		(335,276)	(101,291)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	12		
Basic and diluted		**(HK5.37 cents)**	(HK3.88 cents)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Note	**2021 HK$'000**	2020 HK$'000
LOSS FOR THE YEAR		**(335,276)**	(101,291)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
— Exchange differences on translation of foreign operations		**252,065**	511,766
— Share of other comprehensive income of:			
Joint ventures		**45,123**	70,800
Associates		**5,536**	16,437
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**302,724**	599,003
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
— Changes in fair value of an equity investment at fair value through other comprehensive income, net of income tax of nil		**(3,320)**	11,499
— Actuarial losses of defined benefit plans	34(b)	**(1,011)**	(79)
— Revaluation loss on transfer from property, plant and equipment to investment property		**–**	(9,743)
— Share of other comprehensive loss of:			
Joint ventures		**–**	(7,314)
Associates		**(156)**	(1,904)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(4,487)**	(7,541)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX OF NIL		**298,237**	591,462
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(37,039)**	490,171
Attributable to:			
Shareholders of the Company		**(100,610)**	278,124
Non-controlling interests		**63,571**	212,047
		(37,039)	490,171

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**548,951**	549,002
Investment properties	14	**8,465,009**	7,500,679
Right-of-use assets	16(a)	**75,293**	76,594
Goodwill	17	**172,401**	123,022
Interests in joint ventures	18	**236,283**	1,911,166
Interests in associates	19	**676,785**	677,305
Equity investments at fair value through other comprehensive income	20	**20,881**	23,971
Deposits	25	**10,358**	9,768
Land held for development or sale	21	**4,159,955**	5,179,078
Pledged and restricted bank deposits	27	**987**	6,132
Total non-current assets		**14,366,903**	16,056,717
CURRENT ASSETS			
Properties under development for sale	21	**1,811,752**	—
Properties held for sale	22	**99,083**	95,988
Inventories	23	**68,498**	8,412
Trade receivables	24	**90,522**	51,694
Prepayments, other receivables and other assets	25	**240,818**	224,053
Due from joint ventures	18	**57,841**	109,692
Pledged and restricted bank deposits	27	**99,973**	16,608
Cash and cash equivalents	27	**1,087,321**	743,910
		3,555,808	1,250,357
Assets of disposal groups classified as held for sale	15	**4,099,819**	2,854,199
Total current assets		**7,655,627**	4,104,556
CURRENT LIABILITIES			
Trade payables	28	**661,193**	342,199
Other payables and accruals	29	**624,255**	570,952
Due to a joint venture	18	**—**	1,078
Due to other related parties	26	**542,291**	17,701
Bank and other borrowings	30	**2,364,872**	1,887,177
Income tax payables		**49,260**	46,980
Provision for compensation	32	**249,863**	240,242
		4,491,734	3,106,329
Liability directly associated with the assets of disposal groups classified as held for sale	15	**1,341,286**	845,512
Total current liabilities		**5,833,020**	3,951,841
NET CURRENT ASSETS		**1,822,607**	152,715
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,189,510**	16,209,432

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES			
Due to a joint venture	18	**216,731**	209,961
Due to other related parties	26	**73,434**	189,392
Bank and other borrowings	30	**2,625,838**	2,700,687
Guaranteed bonds	31	**5,737,361**	5,794,046
Deferred revenue	33	**88,618**	135,314
Defined benefit obligations	34(b)	**14,375**	13,858
Deferred tax liabilities	35	**1,781,466**	1,494,005
Total non-current liabilities		**10,537,823**	10,537,263
Net assets		**5,651,687**	5,672,169
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	36	**696,933**	696,933
Reserves	38(a)	**2,712,166**	2,791,325
		3,409,099	3,488,258
Non-controlling interests		**2,242,588**	2,183,911
Total equity		**5,651,687**	5,672,169

Qian Xu
Director

Siu Kin Wai
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

		Attributable to shareholders of the Company													
	Note	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000 (note 38(b))	Property revaluation reserve HK$'000	Capital and other reserves HK$'000	Financial asset revaluation reserve HK$'000	Defined benefit plan reserve HK$'000	Exchange fluctuation reserve HK$'000	PRC statutory reserves HK$'000 (note 38(c))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2020		696,933	1,762,147	367,278	164,113	–	(66,137)	(128,890)	(6,917)	(733,231)	14,049	1,140,789	3,210,134	1,971,864	5,181,998
Profit/(loss) for the year		–	–	–	–	–	–	–	–	–	–	(270,634)	(270,634)	169,343	(101,291)
Other comprehensive income/(loss) for the year:															
– Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	469,062	–	–	469,062	42,704	511,766
– Changes in fair value of equity investment at fair value through other comprehensive income, net of income tax of nil		–	–	–	–	–	–	11,499	–	–	–	–	11,499	–	11,499
– Share of other comprehensive income/(loss) of joint ventures		–	–	–	–	–	(7,314)	–	–	70,800	–	–	63,486	–	63,486
– Share of other comprehensive income/(loss) of associates		–	–	–	–	–	(470)	(1,434)	–	16,437	–	–	14,533	–	14,533
– Revaluation gain on transfer from property, plant and equipment to investment property		–	–	–	–	(9,743)	–	–	–	–	–	–	(9,743)	–	(9,743)
– Actuarial losses of defined benefit plans	34	–	–	–	–	–	–	–	(79)	–	–	–	(79)	–	(79)
Total comprehensive income/(loss) for the year		–	–	–	–	(9,743)	(7,784)	10,065	(79)	556,299	–	(270,634)	278,124	212,047	490,171
Transfer to reserves		–	–	–	–	–	–	–	–	–	5,901	(5,901)	–	–	–
At 31 December 2020		696,933	1,762,147*	367,278*	164,113*	(9,743)*	(73,921)*	(118,825)*	(6,996)*	(176,932)*	19,950*	864,254*	3,488,258	2,183,911	5,672,169

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

		Attributable to shareholders of the Company													
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000 (note 38(b))	Property revaluation reserve HK$'000	Capital and other reserves HK$'000	Financial asset revaluation reserve HK$'000	Defined benefit plan reserve HK$'000	Exchange fluctuation reserve HK$'000	PRC statutory reserves HK$'000 (note 38(c))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2021		696,933	1,762,147	367,278	164,113	(9,743)	(73,921)	(118,825)	(6,996)	(176,932)	19,950	864,254	3,488,258	2,183,911	5,672,169
Profit/(loss) for the year		–	–	–	–	–	–	–	–	–	–	(373,982)	(373,982)	38,706	(335,276)
Other comprehensive income/(loss) for the year:															
– Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	227,200	–	–	227,200	24,865	252,065
– Changes in fair value of equity investment at fair value through other comprehensive loss, net of income tax of nil		–	–	–	–	–	–	(3,320)	–	–	–	–	(3,320)	–	(3,320)
– Share of other comprehensive income of joint ventures		–	–	–	–	–	–	–	–	45,123	–	–	45,123	–	45,123
– Share of other comprehensive income of associates		–	–	–	–	–	(254)	98	–	5,536	–	–	5,380	–	5,380
– Actuarial losses of defined benefit plans	34	–	–	–	–	–	–	–	(1,011)	–	–	–	(1,011)	–	(1,011)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(254)	(3,222)	(1,011)	277,859	–	(373,982)	(100,610)	63,571	(37,039)
Transfer of share option reserve upon expiry of share options	37(c)	–	–	–	(4,356)	–	–	–	–	–	–	4,356	–	–	–
Transfer of share option reserve upon forfeiture of share options	37(c)	–	–	–	(102,358)	–	–	–	–	–	–	102,358	–	–	–
Refund of capital contribution to a non-controlling equity holder of a partly-owned subsidiary		–	–	–	–	–	–	–	–	–	–	–	–	(4,894)	(4,894)
Deemed capital contribution from an equity holder of an associate		–	–	–	–	–	21,451	–	–	–	–	–	21,451	–	21,451
Transfer to reserves		–	–	–	–	–	15,402	–	–	–	6,570	(21,972)	–	–	–
At 31 December 2021		696,933	1,762,147*	367,278*	57,399*	(9,743)*	(37,322)*	(122,047)*	(8,007)*	100,927*	26,520*	575,014*	3,409,099	2,242,588	5,651,687

* These reserve accounts comprise the consolidated reserves of HK$2,712,166,000 (2020: HK$2,791,325,000) in the consolidated statement of financial position as at 31 December 2021.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	**2021 HK$'000**	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(256,408)**	31,968
Adjustments for:			
Bank interest income	6	**(4,889)**	(16,727)
Other interest income	6	**(3,663)**	(4,817)
Government grants	6	**(8,432)**	(9,331)
Fair value gain of investment properties, net	14	**(27,776)**	(508,507)
Gain on early redemption of guaranteed bonds		**(3,607)**	—
Impairment of trade receivables	8	**—**	5,979
Loss on disposal of items of property, plant and equipment	8	**1,266**	2,073
Loss on disposal of a right-of-use asset		**—**	241
Covid-19-related rent concession from lessor		**—**	(270)
Depreciation of property, plant and equipment	8	**17,632**	27,451
Depreciation of right-of-use assets	8	**3,008**	2,912
Provision for compensation, net	8	**7,308**	8,783
Cost of defined benefit plans	8	**409**	1,180
Finance costs	7	**597,824**	610,127
Share of profits and losses of joint ventures		**(73,764)**	17,632
Share of profits and losses of associates		**36,734**	38,769
Operating profit before working capital changes		**285,642**	207,463
Decrease/(increase) in inventories		**(58,785)**	166,619
Increase in land for development or sale		**(744,832)**	(751,233)
Increase in trade receivables		**(44,410)**	(44,275)
Increase in prepayments, deposits and other receivables		**(56,973)**	(66,991)
Decrease in amounts due from associates		**—**	87
Increase in amounts due from joint ventures		**—**	(2,963)
Increase in trade payables		**302,657**	348,960
Increase/(decrease) in other payables and accruals		**106,641**	(149,206)
Increase in amounts due to other related parties		**4,456**	3,938
Decrease in amounts due to a joint venture		**(1,093)**	(2,470)
Decrease in defined benefit obligations		**(735)**	(8,398)
Cash used in operations		**(207,432)**	(298,469)
Mainland China income tax paid		**(28,570)**	(25,828)
Settlement for compensation	32	**(5,465)**	(4,336)
Net cash flows used in operating activities (note)		**(241,467)**	(328,633)

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(11,169)**	(15,719)
Acquisition of investment properties	**(131,531)**	(403,458)
Government grants received	**39,574**	17,057
Investments in joint ventures	**—**	(11,243)
Proceeds from disposal of items of property, plant and equipment	**291**	2,593
Proceeds from disposal of right-of-use asset	**—**	5,579
Purchase of an equity investment at fair value through other comprehensive income	**—**	(6,746)
Advance to a joint venture	**—**	(17,813)
Repayment of loans advanced to a joint venture	**135,324**	53,438
Interest received	**59,980**	18,456
Decrease/(increase) in time deposits with maturity of more than three months when acquired	**(7,872)**	34,524
Net cash flows from/(used in) investing activities	**84,597**	(323,332)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**1,005,341**	2,493,474
Repayment of bank loans	**(292,267)**	(2,723,570)
New other loans	**—**	950,000
Repayment of other loans	**(28,913)**	(20,237)
Issue of guaranteed bonds	**—**	5,778,180
Repayment of guaranteed bonds	**(76,733)**	(4,290,000)
Settlement of consideration for acquisition of non-controlling interests in the prior year	**—**	(1,318,036)
Refund of capital contribution to a non-controlling equity holder of a partly-owned subsidiary	**(4,894)**	—
Advance from the intermediate holding company	**421,645**	—
Net advances from other related parties	**50,230**	13,292
Interest paid	**(507,375)**	(559,082)
Net cash flows from financing activities	**567,034**	324,020

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**410,164**	(327,945)
Cash and cash equivalents at beginning of year		**841,358**	1,100,278
Effect of foreign exchange rate changes, net		**15,249**	69,025
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,266,771**	841,358
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Deposits placed with a fellow subsidiary	27	**370,239**	381,507
Time deposits	27	**244,420**	78,818
Other cash and bank balances	27	**573,622**	306,325
Less: Restricted cash and pledged deposits	27	**(100,960)**	(22,740)
Cash and cash equivalents as stated in the consolidated statement of financial position	27	**1,087,321**	743,910
Add: Restricted cash and pledged deposits in connection with bank borrowings		**100,960**	22,740
Pledged and restricted bank deposits, and cash and cash equivalents attributable to disposal groups held for sale	15	**89,035**	77,163
Less: Non-pledged time deposits with original maturity of more than three months when acquired		**(8,706)**	(2,455)
Time deposits with original maturity of more than three months when acquired, pledged as security for bank borrowings		**(1,839)**	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,266,771**	841,358
Note: Net cash flows from operating activities comprises:			
Operating cash flows before including cost related to land held for development or sale		**503,365**	422,600
Cost related to land held for development or sale		**(744,832)**	(751,233)
Net cash flows used in operating activities		**(241,467)**	(328,633)

Notes to Financial Statements

31 December 2021

1. CORPORATE AND GROUP INFORMATION

Beijing Properties (Holdings) Limited (the "Company") is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were involved in the following principal activities:

- leasing of commercial properties and a health care property in the mainland ("Mainland China") of the People's Republic of China (the "PRC") and provision of related management services;
- provision of logistics services, including leasing of general warehouses, cold chain logistics warehouses and specialised wholesale market, and provision of related logistics and management services;
- leasing of industrial plants and provision of related management services;
- sale of land for development or sale, and provision of primary land development services; and
- sale of frozen products.

The immediate holding company of the Company is Beijing Enterprises Real Estate (HK) Limited ("BEREHK"), which is a limited liability company incorporated in the British Virgin Islands, and, in the opinion of the directors, the ultimate holding company of the Company is 北京控股集團有限公司 ("BE Group"), which is a state-owned enterprise established in the PRC and wholly owned by The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (the "Beijing SASAC").

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2021 are as follows:

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
China Logistics infrastructures (Holdings) Limited ("China Logistics")[Ω]	British Virgin Islands/ Hong Kong	US$100	100	–	Investment holding
廣州光明房產建設有限公司 ("Guangzhou Guangming")[@]	The PRC/ Mainland China	US$28,080,000	–	98.90	Shopping mall holding and leasing
北京金都假日飯店有限公司 ("BJ Holiday Inn")[^]	The PRC/ Mainland China	US$11,520,000	–	100	Health care property holding and leasing
Zhong Jian Jin Bian Jing Ji Te Qu Ltd ("Zhong Jian Jin Bian")	Cambodia	US$10,000,000	–	60	Primary land development
天津萬士隆國際物流有限公司[@]	The PRC/ Mainland China	US$6,660,000	–	100	General warehouse leasing
北建(上海)倉儲有限公司[^]	The PRC/ Mainland China	US$98,500,000	–	100	General warehouse leasing
廈門遜達洪通倉儲物流有限責任公司[@]	The PRC/ Mainland China	RMB135,000,000	–	80	General warehouse leasing
眉山遜達洪通倉儲有限責任公司 ("Meishan Xunda")[@]	The PRC/ Mainland China	RMB140,000,000	–	60	General warehouse leasing

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
天域萬隆物流(天津)有限公司^	The PRC/ Mainland China	US$9,800,000	–	100	General warehouse leasing
天津通達優智物流有限公司 ("Tianjin Tong Da You Zh")^	The PRC/ Mainland China	HK$20,000,000	–	100	General warehouse leasing
通達大華物流有限責任公司#	The PRC/ Mainland China	RMB23,848,800	–	100	General warehouse leasing and provision of logistics services
衢州通成農業發展有限公司^	The PRC/ Mainland China	RMB249,800,000	–	100	Specialised wholesale market leasing for the trading and distribution of local agricultural products
天津中漁置業有限公司@	The PRC/ Mainland China	RMB112,500,000	–	60	Provision of cold chain logistics warehouse management services
新丹物流設施發展(蘇州)有限公司^	The PRC/ Mainland China	US$60,000,000	–	54.36	Industrial plant management
嘉地工業地產發展(蘇州)有限公司^	The PRC/ Mainland China	US$50,000,000	–	54.36	Industrial plant management
嘉地工業地產發展(常熟)有限公司^	The PRC/ Mainland China	US$60,000,000	–	54.36	Industrial plant management
福城工業設施發展(太倉)有限公司^	The PRC/ Mainland China	US$30,000,000	–	54.36	Industrial plant management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
寶地工業地產發展(嘉興)有限公司^	The PRC/ Mainland China	US$32,000,000	–	54.36	Industrial plant management
江蘇蘇南智城科技發展有限公司^	The PRC/ Mainland China	RMB800,000,000	–	72.48	Primary land development
北京養頤國際貿易有限公司^	The PRC/ Mainland China	RMB25,000,000	–	100	Trading of frozen products
De Hong Global Trading Limited	Hong Kong	HK$1	–	100	Trading of frozen products
北京允中投資諮詢有限公司^Ω	The PRC/ Mainland China	US$10,000,000	–	100	Office management

@ Registered as Sino-foreign joint ventures under PRC law
^ Registered as wholly-foreign-owned enterprises under PRC law
# Registered as a limited liability company under PRC law
Ω Except for these entities which are directly held by the Company, all other principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

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

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

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

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

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

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

2.1 BASIS OF PRESENTATION (Continued)

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

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

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

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

Should the aforesaid refinancing be delayed, and the Proposed Disposal be incomplete or the financial facility and undertaking from BE Group and BE City not be obtained, the Group may be unable to continue as a going concern, in which case adjustments would have to be made to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 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 further explained in note 2.5 to 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.

2.2 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

The Group had certain bank and other borrowings, including the guaranteed bond, which were denominated in foreign currencies based on Interbank Offered Rates such as Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met. Additional information about the transition and the associated risks is disclosed in note 45 to the financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contacts*[2]
Amendments to HKAS 17	*Insurance Contacts*[2,5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transactions*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKAS 17, issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

(a) Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 (the "Conceptual Framework") without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK (IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK (IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

(b) Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

(c) Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(e) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(f) Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

(g) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(h) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37 the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any accumulated impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, a derivative financial liability, defined benefit plans and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than investment properties, deferred tax assets, land held for development or sale, financial assets, inventories and disposal groups classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of a non-financial asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Hotel property	40 years
Buildings and warehouses	Over the shorter of the lease terms and 40 years
Leasehold improvements	Over the shorter of the lease terms and 4 years
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents building refurbishment, which is stated at cost less any accumulated impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs and, subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and, subsequent to initial recognition, are stated at fair value at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of completed investment properties or investment properties under construction are recognised in profit or loss in the period of the retirement or disposal.

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through other comprehensive income, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction cost.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on and instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividend are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments at fair value through other comprehensive income are not subject to impairment assessment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables, amounts due to related parties, bank and other borrowings and guaranteed bonds.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charge on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKFRS 9 are satisfied. No financial liabilities have been designated as fair value through profit or loss by the Group.

(b) *Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Land held for development or sale

Land held for development or sale is stated at the lower of cost and net realisable value and comprises the land acquisition cost, property transfer tax and other costs directly attributable to such land during the development period.

Net realisable value takes into account the Group's proceeds derived from the sale of land held for development or sale, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land held for development or sale, based on prevailing market conditions, less the estimated costs necessary to make the sale of the land.

Any excess of cost over the net realisable value of individual items of land held for development or sale is recognised as an expense in profit or loss.

Properties under development for sale

Properties under development for sale are intended to be held for sale after development. They are stated at the lower of cost and net realisable value. The costs comprise acquisition land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value represents the estimated selling price, based on prevailing market conditions, less any estimated costs to be incurred to completion and in selling the property.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale of the properties.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all cost of purchase, cost of conversion and other costs incurred in bring the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of land

Revenue from the sale of land is recognised at the point in time when control of the asset is transferred to the customer.

(b) Provision of logistics and other ancillary services

Revenue from provision of logistics and other ancillary services is recognised as services are rendered.

(c) Provision of property management services

Revenue from provision of property management services is recognised over the scheduled period on the straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) Sale of frozen products

Revenue from the sale of frozen products is recognised at the point in time when control of the asset is transferred to the customer.

Revenue from other sources

(a) Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(c) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made received or the a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. In addition, at the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to the share premium account.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Options which are cancelled prior to their exercise date or lapsed are deleted from the register of outstanding options. When the share options are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits/accumulated losses as a movement in reserves.

Other employee benefits (pension schemes)

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employee's salaries and are charged to profit or loss as they became payable in accordance with the rules of the central pension scheme. The employer contributions vest fully once made.

The Group also provided supplementary pension subsidies to retired employees. Such supplementary pension subsidies are considered to be defined benefit plans as they oblige the Group to provide post-employment benefits to employees. The benefits are unfunded. The liability recognised in the consolidated statements of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in other comprehensive income as they occur.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The Company has used Hong Kong dollar as the presentation currency of these financial statements, which is different from the Company's functional currency of the United States dollar, because management of the Group ordinarily use Hong Kong dollar for management reporting. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company, certain subsidiaries, joint ventures and associates established in Mainland China and Cambodia are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of the exchange fluctuation reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company, certain subsidiaries established in Mainland China and Cambodia are translated into Hong Kong dollars at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is also made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation of fair value of investment properties, and net realisable value of land held for development or sale and properties under development for sale

The Group adopts the fair value model to measure its investment properties in accordance with HKAS 40 *Investment Property* and engaged an independent professional valuer to perform fair value valuations of all its investment properties. In addition, the Group's land held for development or sale and properties under development for sale are stated at the lower of cost and net realisable value and the Group engaged an independent professional valuer to perform fair value valuations of all its land held for development or sale and properties under development for sale for impairment assessment.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation of fair value of investment properties, and net realisable value of land held for development or sale and properties under development for sale (Continued)

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) Provision for ECLs on payments on behalf of property owners for properties managed on a commission basis conditions since the dates of the transactions that occurred at those prices; and

(c) annual rental income supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant cash-generating units ("CGUs") to which the goodwill is allocated, which is the higher of the fair value less costs of disposal and value in use. In determining the fair value less cost of disposal of the CGUs, references are made to the valuation of investment properties, properties held for sale, buildings, warehouses and/or health care property held and the carrying amount of the business unit's other assets and liabilities which approximated to their fair values, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business. The assessment of the recoverable amount requires the use of estimates and assumptions such as identifying comparable market transactions for completed investment properties and certain investment properties under construction. These estimates and assumptions are subject to risk and uncertainty. The assumptions were affected by expectations of future market or economic conditions. Therefore, there is a possibility that changes in circumstances will impact on these projections, which will have a corresponding impact on the recoverable amounts of the CGUs, thus the goodwill impairment assessment. The carrying amount of goodwill carried as an asset in the consolidated statement of financial position as at 31 December 2021 was HK$172,401,000 (2020: HK$123,022,000), details of which are set out in note 17 to the financial statements.

Impairment of interests in an associate

The Group determines that an indication of impairment existed for the interests in an associate on the basis that the carrying amount of the interests in the associate as at 31 December 2021 was higher than its fair value based on prevailing market share price. Hence, the Group performed an impairment assessment of the interests in this associate. The determination of recoverable amount requires significant judgements by management, in particular management's view on key internal inputs and external market conditions which impact future cash flows, discount rates, long term growth rates of the associate's core businesses, fair value measurements of certain non-core businesses assets and discount of lack of controls applied in computation of the recoverable amount. Based on management's assessment, impairment loss of HK$45,570,000 (2020: Nil) was recognised in profit or loss during the year ended 31 December 2021, details of which are set out in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Provision for compensation

As further disclosed in note 32 to the financial statements, Guangzhou Guangming, a subsidiary of the Group, involved in certain legal proceedings, arising from its failure to fulfill the compensation obligations liable to certain indigenous properties owners and tenants in accordance with the resettlement schedule agreed in prior years. Management determines the provision for compensation based on their best estimate, after considering all the available information such as the results of historical lawsuits, latest negotiations with local government authorities, certain indigenous properties owners and tenants, relevant rules and law and legal advice. If the final outcome of the claims and negotiations is different from the estimation made by management, such difference will impact on the provision for compensation in the period in which the liabilities of the compensation are concluded.

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong, Mainland China and Cambodia. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations, of which the ultimate tax determination is uncertain, during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provision in the periods in which the determination is made. The carrying amount of current tax payables carried as liabilities in the consolidated statement of financial position as at 31 December 2021 was HK$49,260,000 (2020: HK$46,980,000).

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies, details of which are set out in note 35 to the financial statement.

4. 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 property 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 logistics warehouses and a specialised wholesale market, and the provision of related logistics and management services;

(c) the industrial business segment engages in the leasing of industrial plants and 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 the provision of primary land development services.

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

Segment assets exclude amounts due from joint ventures and associates, deferred tax assets, pledged and restricted bank deposits, cash and cash equivalents, equity investment at fair value through other comprehensive income and other unallocated head office and corporate assets as these assets are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (Continued)

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Segment revenue:												
Sales to external customers	**89,289**	67,691	**302,541**	256,697	**132,620**	69,538	**186,367**	294,439	**–**	–	**710,817**	688,365
Changes in fair value of investment properties, net	**(10,195)**	(26,532)	**30,323**	267,125	**7,648**	267,914	**–**	–	**–**	–	**27,776**	508,507
Segment results:												
The Group	**62,934**	(1,021)	**217,013**	405,432	**106,134**	309,486	**(8,336)**	(9,231)	**(1,490)**	(1,706)	**376,255**	702,960
Share of profits and losses of:												
Joint ventures	**–**	–	**73,764**	(17,632)	**–**	–	**–**	–	**–**	–	**73,764**	(17,632)
Associates	**(50,217)**	(26,758)	**–**	–	**–**	–	**–**	–	**13,483**	(12,011)	**(36,734)**	(38,769)
	12,717	(27,779)	**290,777**	387,800	**106,134**	309,486	**(8,336)**	(9,231)	**11,993**	(13,717)	**413,285**	646,559
Reconciliation:												
Foreign exchange differences, net											**9,976**	12,851
Bank interest income											**4,889**	16,727
Other interest income											**3,663**	4,817
Finance costs											**(597,824)**	(610,127)
Corporate and other unallocated income and expenses, net											**(90,397)**	(38,859)
Profit/(loss) before tax											**(256,408)**	31,968

4. OPERATING SEGMENT INFORMATION (Continued)

	Property business		Logistics business		Industrial business		Trading business		Primary land development business		Total	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Segment assets	**3,068,190**	3,015,118	**9,147,880**	8,816,428	**3,856,283**	2,907,246	**149,850**	35,659	**4,413,843**	4,370,001	**20,636,046**	19,144,452
Reconciliation:												
Corporate and other unallocated assets											**1,386,484**	1,016,821
Total assets											**22,022,530**	20,161,273
Segment liabilities	**438,138**	419,640	**780,878**	1,037,225	**1,583,701**	532,665	**25,763**	15,444	**10**	11	**2,828,490**	2,004,985
Reconciliation:												
Corporate and other unallocated liabilities											**13,542,353**	12,484,119
Total liabilities											**16,370,843**	14,489,104
Other segment information												
Depreciation of property, plant and equipment:												
Segment assets	**3,802**	12,358	**9,494**	11,242	**752**	489	**544**	490	**–**	–	**14,592**	24,579
Reconciliation:												
Corporate and other unallocated assets											**3,040**	2,872
											17,632	27,451
Depreciation of right-of-use assets	**1,994**	1,966	**1,014**	946	**–**	–	**–**	–	**–**	–	**3,008**	2,912
Provision for compensation, net	**7,308**	8,783	**–**	–	**–**	–	**–**	–	**–**	–	**7,308**	8,783
Interests in joint ventures*	**–**	–	**1,942,897**	1,809,837	**–**	–	**–**	–	**–**	–	**1,942,897**	1,809,837
Interests in associates	**384,000**	427,739	**–**	–	**–**	–	**–**	–	**292,785**	249,566	**676,785**	677,305
Capital expenditure#:												
Segment assets	**1,770**	1,979	**118,876**	272,397	**15,077**	2,765	**5,712**	47	**–**	–	**141,435**	277,188
Corporate and other unallocated assets											**26**	1,018
											141,461	278,206

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

	2021 **HK$'000**	2020 HK$'000
Mainland China	**10,214,368**	11,795,208
Cambodia	**4,120,309**	4,120,309
	14,334,677	15,915,517

The non-current asset information of above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

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

5. REVENUE

An analysis of revenue is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers	**311,103**	377,726
Revenue from other sources		
Gross rental income from investment property operating leases		
— Other lease payments, including fixed payments	**399,714**	310,639
	710,817	688,365

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2021

Segments	Property business HK$'000	Logistics business HK$'000	Industrial business HK$'000	Trading business HK$'000	Primary land development business HK$'000	Total HK$'000
Types of goods and services						
Logistics and other ancillary services	–	77,244	–	–	–	77,244
Property management fee	2,293	25,272	19,927	–	–	47,492
Sale of frozen products	–	–	–	186,367	–	186,367
Total revenue from contracts with customers	2,293	102,516	19,927	186,367	–	311,103
Geographical markets						
Mainland China	2,293	102,516	19,927	184,261	–	308,997
Hong Kong	–	–	–	2,106	–	2,106
Total revenue from contracts with customers	2,293	102,516	19,927	186,367	–	311,103
Timing of revenue recognition						
Goods transferred at a point of time	–	–	–	186,367	–	186,367
Services transferred over time	2,293	102,516	19,927	–	–	124,736
Total revenue from contracts with customers	2,293	102,516	19,927	186,367	–	311,103

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2020

Segments	Property business HK$'000	Logistics business HK$'000	Industrial business HK$'000	Trading business HK$'000	Primary land development business HK$'000	Total HK$'000
Types of goods and services						
Logistics and other ancillary services	–	53,657	–	–	–	53,657
Property management fee	1,641	16,705	11,284	–	–	29,630
Sale of frozen products	–	–	–	294,439	–	294,439
Total revenue from contracts with customers	1,641	70,362	11,284	294,439	–	377,726
Geographical markets						
Mainland China	1,641	70,362	11,284	248,867	–	332,154
Hong Kong	–	–	–	45,572	–	45,572
Total revenue from contracts with customers	1,641	70,362	11,284	294,439	–	377,726
Timing of revenue recognition						
Goods transferred at a point of time	–	–	–	294,439	–	294,439
Services transferred over time	1,641	70,362	11,284	–	–	83,287
Total revenue from contracts with customers	1,641	70,362	11,284	294,439	–	377,726

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2021 HK$'000	2020 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	**11,347**	91,303

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations in contracts with customers is summarised below:

Logistics and other ancillary services
The performance obligation is satisfied over time as services are rendered.

Property management fee
The performance obligation is satisfied over time as services are rendered.

Sale of frozen products
The performance obligation is satisfied upon transfer of the control of frozen products and payment in advance is normally required.

Sale of land
The performance obligation is satisfied upon transfer of the control of land use rights and payment in advance is normally required.

6. OTHER INCOME AND GAINS, NET

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

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

* The government grants recognised during the years ended 31 December 2021 and 2020 represented grants received from certain government authorities in respect of the fulfilment of certain specific requirements in respect of the Group's investments in certain subsidiaries, construction of warehouses and purchase of land use rights and items of property, plant and equipment in Mainland China, the PRC.

7. FINANCE COSTS

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

	2021 HK$'000	2020 HK$'000
Interest on bank and other borrowings	**253,455**	210,795
Interest on loans from related parties	**1,220**	585
Interest on guaranteed bonds	**371,730**	411,473
Total finance costs	**626,405**	622,853
Less: Amount capitalised in investment properties under construction (note 14)	**—**	(12,726)
Amount capitalised in properties under development for sale	**(28,581)**	—
	597,824	610,127

8. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2021 HK$'000	2020 HK$'000
Direct cost of rental income		**25,580**	18,148
Cost of services provided		**58,015**	34,516
Cost of goods sold		**180,520**	290,413
Depreciation of property, plant and equipment	13	**17,632**	27,451
Less: Amount associated with disposal groups classified as held for sale		**(454)**	(323)
		17,178	27,128
Less: Amount included in cost of sales and services		**(8,893)**	(8,945)
		8,285	18,183
Depreciation of right-of-use assets	16	**3,008**	2,912
Lease payments that not included in the measurement of lease liabilities		**6,908**	7,869
Loss on disposal of items of property, plant and equipment*		**1,266**	2,073
Impairment of trade receivables in relation to rental income from tenants*		**—**	5,979
Impairment of an investment in an associate**		**45,570**	—
Auditor's remuneration		**4,388**	4,388
Employee benefit expense (including directors' remuneration (note 9)):			
Salaries, allowances and benefits in kind		**84,101**	93,808
Defined contribution scheme contributions		**19,898**	10,371
Cost of defined benefit plans	34(a)	**409**	1,180
		104,408	105,359
Less: Amount included in cost of sales and services		**(13,694)**	(10,492)
		90,714	94,867
Provision for compensation, net*	32	**7,308**	8,783

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

** This item is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 HK$'000	2020 HK$'000
Fees	**2,088**	1,998
Other emoluments:		
Salaries, allowances and benefits in kind	**6,810**	6,665
Pension scheme contributions	**680**	272
	7,490	6,937
	9,578	8,935

9. DIRECTORS' REMUNERATIONS (Continued)

An analysis of directors' remuneration, on a named basis, is as follows:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2021					
Executive directors:					
Mr. Qian Xu	180	1,444	–	210	1,834
Mr. Siu Kin Wai	180	1,448	–	25	1,653
Mr. Yu Luning	144	–	–	–	144
Mr. Li Changfeng	144	1,331	–	210	1,685
Mr. Dong Qilin	144	–	–	–	144
Mr. Zhao Jiansuo	144	–	–	–	144
Mr. Cheng Ching Fu	144	1,278	–	25	1,447
Mr. Ng Kin Nam	144	–	–	–	144
Mr. Zhang Xudong	144	1,309	–	210	1,663
	1,368	6,810	–	680	8,858
Independent non-executive directors:					
Mr. Goh Gen Cheung	144	–	–	–	144
Mr. James Chan	144	–	–	–	144
Mr. Zhu Wuxiang	144	–	–	–	144
Mr. Song Lishui	144	–	–	–	144
Mr. Xie Ming	144	–	–	–	144
	720	–	–	–	720
Total	2,088	6,810	–	680	9,578

9. DIRECTORS' REMUNERATIONS (Continued)

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2020					
Executive directors:					
Mr. Qian Xu	180	1,739	–	74	1,993
Mr. Siu Kin Wai	180	1,448	–	25	1,653
Mr. Yu Luning	144	–	–	–	144
Mr. Li Changfeng	144	1,105	–	74	1,323
Mr. Dong Qilin	144	–	–	–	144
Mr. Zhao Jiansuo	144	–	–	–	144
Mr. Li Shuping (resigned on 6 January 2020)	–	–	–	–	–
Mr. Cheng Ching Fu	144	1,278	–	25	1,447
Mr. Ng Kin Nam	144	–	–	–	144
Mr. Zhang Xudong	54	1,095	–	74	1,223
	1,278	6,665	–	272	8,215
Independent non-executive directors:					
Mr. Goh Gen Cheung	144	–	–	–	144
Mr. James Chan	144	–	–	–	144
Mr. Zhu Wuxiang	144	–	–	–	144
Mr. Song Lishui	144	–	–	–	144
Mr. Xie Ming	144	–	–	–	144
	720	–	–	–	720
Total	1,998	6,665	–	272	8,935

Note:

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2021 included four (2020: four) directors, details of whose remuneration are set out in note 9 above. The remuneration of the remaining one (2020: one) non-director, highest paid employee for the year fell within the band of HK$1,500,001 to HK$2,000,000 and details of his/her remuneration for the year are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits in kind	**1,728**	1,383
Pension scheme contributions	**210**	88
	1,938	1,471

11. INCOME TAX EXPENSES

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

	2021 HK$'000	2020 HK$'000
Current — Hong Kong	**—**	—
Current — Mainland China		
Charge for the year	**19,244**	12,878
Withholding tax on interest income from intercompany loans	**2,434**	7,465
Deferred (note 35)	**57,190**	112,916
Total income tax expense for the year	**78,868**	133,259

Notes:

(a) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

The PRC and Cambodia corporate income tax provisions in respect of operations in Mainland China and Cambodia are calculated at the applicable tax rates on the estimated assessable profits for the year based on the prevailing legislation, interpretations and practices in respect thereof.

11. INCOME TAX EXPENSES (Continued)

Notes: (Continued)

(b) A reconciliation of the tax applicable to profit/(loss) before tax at the statutory tax rates of the jurisdictions in which the Company and majority of its subsidiaries operate to the tax expense at the effective tax rates, and a reconciliation of the applicable tax rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Year ended 31 December 2021

	Hong Kong		Mainland China		Cambodia		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(516,139)		259,207		524		(256,408)	
Tax expense/(credit) at the statutory tax rate	(85,146)	16.5	64,802	25.0	105	20.0	(20,239)	7.9
Effect of deferred tax in respect of the proposed disposal of subsidiaries registered in the PRC	–	–	10,845	4.2	–	–	10,845	(4.2)
Effect of withholding tax on interest income from intercompany loans	–	–	2,434	0.9	–	–	2,434	(0.9)
Profits/(losses) attributable to joint ventures and associates	4,413	(0.9)	(21,807)	(8.4)	–	–	(17,394)	6.8
Income not subject to tax	(10,703)	2.1	(8,507)	(3.3)	(105)	(20.0)	(19,315)	7.5
Expenses not deductible for tax	91,436	(17.7)	16,932	6.5	–	–	108,368	(42.3)
Tax losses not recognised as deferred tax assets	–	–	16,402	6.3	–	–	16,402	(6.4)
Tax losses utilised from previous periods	–	–	(2,233)	(0.9)	–	–	(2,233)	0.9
Tax expense at the Group's effective tax rate	–	–	78,868	30.4	–	–	78,868	(30.8)

11. INCOME TAX EXPENSES (Continued)

Notes: (Continued)

(b) (Continued)

Year ended 31 December 2020

	Hong Kong		Mainland China		Cambodia		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(564,895)		592,593		4,270		31,968	
Tax expense/(credit) at the statutory tax rate	(92,808)	16.5	148,148	25.0	854	20.0	56,194	175.8
Effect of deferred tax in respect of the proposed disposal of subsidiaries registered in the PRC	–	–	25,666	4.3	–	–	25,666	80.3
Effect of withholding tax on interest income from intercompany loans	–	–	7,465	1.3	–	–	7,465	23.4
Profits/(losses) attributable to joint ventures and associates	5,091	(0.9)	7,404	1.2	–	–	12,495	39.1
Income not subject to tax	(17,610)	3.1	(60,667)	(10.2)	(854)	(20.0)	(79,131)	(247.5)
Expenses not deductible for tax	105,327	(18.6)	6,477	1.1	–	–	111,804	349.7
Tax losses not recognised as deferred tax assets	–	–	6,242	1.1	–	–	6,242	19.5
Tax losses utilised from previous periods	–	–	(7,476)	(1.3)	–	–	(7,476)	(23.4)
Tax expense at the Group's effective tax rate	–	–	133,259	22.5	–	–	133,259	416.9

The share of income tax attributable to joint ventures and associates amounting to income tax expense of HK$30,297,000 (2020: income tax credit of HK$5,595,000) and income tax expense of HK$3,044,000 (2020: HK$149,000), respectively, are included in "Share of profits and losses of joint ventures and associates" on the face of the consolidated statement of profit or loss.

12. EARNINGS PER SHARE

The calculation of the basic loss per share amounts is based on the loss for the year attributable to shareholders of the Company and the weighted average number of 6,969,331,680 (2020: 6,969,331,680) ordinary shares in issue during the year.

In respect of the diluted loss per share amounts for the years ended 31 December 2021 and 2020, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Building and warehouses HK$'000 (note (b))	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment, and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2021						
At 1 January 2021:						
Cost	589,517	29,926	76,468	27,803	14,236	737,950
Accumulated depreciation and impairment	(92,350)	(17,769)	(61,870)	(16,959)	–	(188,948)
Net carrying amount	497,167	12,157	14,598	10,844	14,236	549,002
Net carrying amount:						
At 1 January 2021	497,167	12,157	14,598	10,844	14,236	549,002
Additions	–	5,885	983	2,918	1,383	11,169
Depreciation provided during the year	(13,006)	(510)	(1,542)	(2,574)	–	(17,632)
Disposal	(48)	(3)	(1,404)	(102)	–	(1,557)
Transfer to investment property (note 14)	–	–	–	–	(7,656)	(7,656)
Transfer from disposal groups classified as held for sale (note 15)	–	–	–	694	–	694
Transfer to disposal groups classified as held for sale (note 15)	–	–	–	(2,700)	–	(2,700)
Exchange realignment	16,027	469	439	374	322	17,631
At 31 December 2021	500,140	17,998	13,074	9,454	8,285	548,951
At 31 December 2021:						
Cost	608,702	36,792	78,506	30,239	8,285	762,524
Accumulated depreciation and impairment	(108,562)	(18,794)	(65,432)	(20,785)	–	(213,573)
Net carrying amount	500,140	17,998	13,074	9,454	8,285	548,951

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel property HK$'000 (note (a))	Building and warehouses HK$'000 (note (b))	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment, and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2020							
At 1 January 2020:							
Cost	624,179	554,946	19,416	74,283	23,914	10,841	1,307,579
Accumulated depreciation and impairment	(88,800)	(75,254)	(14,185)	(49,571)	(15,417)	–	(243,227)
Net carrying amount	535,379	479,692	5,231	24,712	8,497	10,841	1,064,352
Net carrying amount:							
At 1 January 2020	535,379	479,692	5,231	24,712	8,497	10,841	1,064,352
Additions	–	492	8,987	210	3,343	2,629	15,661
Depreciation provided during the year	(3,921)	(11,798)	(2,573)	(8,752)	(84)	–	(27,128)
Disposal	–	(528)	(130)	(2,475)	(1,533)	–	(4,666)
Revaluation loss on transfer from property, plant and equipment to investment property	(9,743)	–	–	–	–	–	(9,743)
Transfer to investment property (note 14)	(524,443)	–	–	–	–	–	(524,443)
Exchange realignment	2,728	29,309	642	903	621	766	34,969
At 31 December 2020	–	497,167	12,157	14,598	10,844	14,236	549,002
At 31 December 2020:							
Cost	–	589,517	29,926	76,468	27,803	14,236	737,950
Accumulated depreciation and impairment	–	(92,350)	(17,769)	(61,870)	(16,959)	–	(188,948)
Net carrying amount	–	497,167	12,157	14,598	10,844	14,236	549,002

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) On 12 November 2019, BJ Holiday Inn, a wholly-owned subsidiary of the Group and the owner of a four-star business and leisure hotel located in Beijing, entered into an agreement with an independent third party (the "Operator") to redevelop the hotel property for health care business. The hotel has discontinued its operation in the first quarter of 2020 for the redecoration of the hotel property.

According to the terms of the agreement, the operation of the health care business is controlled by the Operator and the Group does not participate in the operation of health care business. Profit or loss arising from the operation is enjoyed or borne by the Operator and the Group charges the Operator for the usage of the property. In the opinion of the directors, this is a lease arrangement between the Group, as a lessor, and the Operator, as a lessee. Accordingly, the property was accounted for as an investment property and was transferred from owner-occupied property to investment property in prior year. Details of which are disclosed in note 14(b) to the financial statements.

(b) At 31 December 2021, certain of the above buildings and warehouses of the Group with an aggregate net carrying amount of HK$14,411,000 (2020: HK$13,961,000) were pledged to secure certain bank loans granted to the Group (note 30(a)).

14. INVESTMENT PROPERTIES

	Notes	Completed HK$'000	Under construction HK$'000	Total HK$'000
Carrying amount as at 1 January 2020		5,142,876	735,926	5,878,802
Additions		9,177	226,901	236,078
Reclassification upon completion of construction		727,442	(727,442)	—
Interest capitalised	7	—	12,726	12,726
Revaluation gains on transfer from property, plant and equipment to investment property (note (b))		—	(9,743)	(9,743)
Transfer from owner-occupied property	13	—	534,186	534,186
Net gain on fair value adjustments		412,289	8,673	420,962
Exchange realignment		380,422	47,246	427,668
Carrying amount as at 31 December 2020 and 1 January 2021		**6,672,206**	**828,473**	**7,500,679**
Additions		**859**	**129,434**	**130,293**
Reclassification due to re-construction of a property		**(15,516)**	**15,516**	**—**
Net gain/(loss) on fair value adjustments		**(3,485)**	**31,261**	**27,776**
Transfer from owner-occupied property	13	**—**	**7,656**	**7,656**
Transfer from assets of disposal groups classified as held for sale	15	**2,680,187**	**—**	**2,680,187**
Transfer to assets of disposal groups classified as held for sale	15	**(2,227,262)**	**—**	**(2,227,262)**
Exchange realignment		**317,042**	**28,638**	**345,680**
Carrying amount as at 31 December 2021		**7,424,031**	**1,040,978**	**8,465,009**

Notes:

(a) At 31 December 2021, the Group's investment properties, including those included in assets of disposal groups (note 15), consisted of seventeen (2020: seventeen) completed properties and four (2020: four) properties under construction.

The completed investment properties are leased to third parties and related companies under operating leases, further summary details of which are included in note 16 to the financial statements.

During the year, the aggregate fair value gain of investment properties of HK$27,776,000 (2020: HK$508,507,000) was recognised in profit or loss during the year, of which fair value gain of HK$24,386,000 (2020: HK$87,545,000) was recognised for investment properties included in assets of disposal groups classified as held for sale.

At 31 December 2021, certain investment properties of the Group with an aggregate carrying amount of HK$7,774,945,000 (2020: HK$7,386,002,000), of which HK$2,227,262,000 (2020: HK$2,135,125,000) is included in assets of disposal groups classified as held for sale (note 15), were pledged to secure certain bank loans granted to the Group (note 30(a)).

14. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(b) As disclosed in note 13(a) to the financial statements, in prior year, the Group ceased its hotel operation in Beijing and leased the hotel property (the "Property") to a third party who engages in health care business. Due to the usage of the Property changing from hotel operation to leasing to earn rental income, the Property was transferred from owner-occupied property to investment property at the time when it was handed over to the third party for redecoration as at 8 April 2020 (the "date of transfer"). The difference between the fair value and the carrying amount of the Property as at the date of transfer amounting to HK$9,743,000 was charged to property revaluation reserve through other comprehensive income.

In addition, the land use right associated with the Property was allocated land use right which had been expired on 24 March 2017. The Group had applied for the renewal of land use right before the expiry of land use right in accordance with the relevant laws and regulations in the PRC and the approval is still in progress as at the date of approval of these financial statements. The Company's legal advisor is of the opinion that there is no legal barrier which prevents the Group from applying for such extension. Therefore, the directors and the legal adviser of the Company are of the opinion that BJ Holiday Inn is entitled to the lawful and valid occupation or use of the Property according to the relevant laws and regulations in the PRC.

(c) The Group's investment properties were revalued on 31 December 2021 based on valuations performed by CHFT Advisory and Appraisal Ltd., independent professionally qualified valuers, at HK$10,692,270,000 (2020: HK$10,180,866,000), of which HK$2,227,262,000 (2020: HK$2,680,187,000) are included in assets of disposal groups classified as held for sale (note 15) Each year, the Group's senior management decides which external valuers to be appointed for the external valuations of the Group's investment properties. Selection criteria include market knowledge, independence and whether professional standards are maintained. The Group's financial controller has on-going discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed.

Fair value hierarchy disclosure

At 31 December 2021, fair value measurements of all the Group's investment properties are using significant unobservable inputs (Level 3 as defined in HKFRS 13). During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy disclosure (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of the Group's investment properties (including those of disposal groups classified as held for sale):

Valuation techniques	Significant unobservable inputs	Input/range of input 2021	2020
Completed investment properties			
Direct comparison method	(i) Price per square metre (sq.m)	**RMB1,400-RMB83,970 per sq.m**	RMB1,310-RMB85,480 per sq.m
Income capitalisation method	(i) Capitalisation rate (%)	**5.5-11%**	5.5-11%
	(ii) Monthly rental income per sq.m	**RMB25-RMB510 per sq.m**	RMB24-RMB540 per sq.m
Investment properties under construction			
Residual method	(i) Price per sq.m	**N/A**	N/A
Direct comparison method	(i) Adjusted unit land price	**RMB314-RMB502 per sq.m**	RMB328-RMB620 per sq.m

Under the direct comparison method, comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value.

The income capitalisation method is applied based on net rental income that can be generated from the properties under the master lease to be executed for the properties with the allowance on the reversionary interest upon expiry of the master lease.

Under residual method, gross development value ("GDV") was assessed based on a hypothetical development scheme by direct comparison method with the deduction of the estimated development costs for the proposed development from the GDV in order to arrive at the fair value.

The above-mentioned valuations have been made on the assumption that the Group sells the properties in the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

An increase (decrease) in the capitalisation rate in isolation would result in a decrease (increase) in the fair value of the investment properties, while an increase (decrease) in the annual rental income, price per square metre and adjusted unit land price in isolation would each result in an increase (decrease) in the fair value of the investment properties.

15. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities classified as held for sale at as the end of reporting period are as follows:

	2021 **HK$'000** (note (a))	2020 HK$'000 (note (b))
Property, plant and equipment	**2,700**	694
Investment properties	**2,227,262**	2,680,187
Goodwill	**13,703**	63,082
Interests in a joint venture	**1,706,614**	—
Trade receivables	**8,062**	35
Prepayment, deposits and other receivables	**52,443**	425
Due from a joint venture	**—**	32,613
Pledged and restricted bank deposits	**4,781**	2,206
Cash and cash equivalents	**84,254**	74,957
Assets of disposal groups classified as held for sale	**4,099,819**	2,854,199
Bank and other borrowings	**838,126**	461,490
Other payables and accruals	**114,537**	35,211
Income tax payables	**1,303**	5,967
Due to a non-controlling shareholder	**142,094**	—
Deferred revenue	**87,912**	—
Deferred tax liabilities	**157,314**	342,844
Liabilities directly associated with the assets of disposal groups classified as held for sale	**1,341,286**	845,512
Net assets of disposal groups held for sale	**2,758,533**	2,008,687

15. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (Continued)

Notes:

(a) At 31 December 2021, assets of disposal group classified as held for sale and liabilities directly associated with which represented two undergoing very substantial disposals of the Group. In the opinion of the directors, the aforesaid disposals are available for immediate sale in their present conditions and will be completed in one year after the reporting period. Further details of the aforesaid disposals are as follows:

(i) *Disposal of Majuqiao Project*

On 15 June 2021, the Group announced the decision to dispose of its 90% equity interests of New Concord Properties Limited and New Fine International Development Limited, which in total holds 76% equity interest of BIPL owning several warehouse buildings located in Beijing, through public tender on China Beijing Equity Exchange ("CBEX"). Further to the abovementioned announcement, the Company has issued the circular in relation to its proposed mandate of the Disposal of Majuqiao Project on 24 September 2021 and the shareholders of the Company approved the Proposed Disposal in the special general meeting held on 20 October 2021.

Subsequent to the reporting period, the public tender process had already been completed. The Company announced JD Oriental Development III Limited ("JD") as the only successful bidder of the the Disposal of Majuqiao Project. In addition, the Group and JD entered into the sales and purchase agreement on 28 February 2022 and the Group had received 85% of the proceeds of RMB1.07 billion (equivalent to HK$1.32 billion). In the opinion of the directors, the remaining proceeds of RMB321 million (equivalent to HK$397 million) will be received, within 3 months after the completion of the anti-monopoly declaration to the relevant government authority by JD, which is scheduled to be completed in April 2022, and the Disposal of Majuqiao Project will be completed by then. Further details of the Disposal of Majuqiao Project are set out in the Company's announcements dated 24 September 2021 and 28 February 2022.

(ii) *Proposed disposal*

On 23 December 2021, the Group announced the decision to dispose of its entire equity interests in certain subsidiaries which hold four logistics and industrial warehouses in Jiangsu through public tender on CBEX. Since the Company is a state-owned enterprise, the disposal of the state-owned assets 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. The Potential Disposal will be carried out through CBEX and the successful bidder(s) will enter into asset transaction agreements with the Group according to relevant rules and regulations of CBEX.

Subsequent to the reporting period, the Company has issued the circular in relation to its proposed mandate of the Proposed Disposal on 3 March 2022 and the shareholders of the Company approved the Proposed Disposal in the special general meeting held on 23 March 2022. The public tender process is still ongoing up to the date of approval of these financial statements. Further details of the Proposed Disposal are set out in the Company's announcement dated 3 March 2022.

(b) On 4 September 2019 and 10 September 2019, the Group announced the decision to dispose of its entire equity interests in certain subsidiaries which hold four warehouses in Shanghai and Tianjin through public tender (the "China Logistics Disposal"). In the opinion of the directors, the potential disposal transaction is no longer available for immediate sale, as the Company announced that the China Logistics Disposal is terminated and need to be reconstituted on 30 December 2021. Accordingly, the assets and liabilities included in China Logistics Disposal group classified as held for sale in prior year were reclassified to their respective classification of those assets and liabilities, and measured in accordance with their relevant accounting policies. Further details of the termination are set out in the Company's announcement dated 30 December 2021.

16. LEASES

The Group as a lessee

The Group has lease contracts on land use rights located in Mainland China used in its operation. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The details of lease contracts are further discussed below.

(a) *Right-of-use assets*

The Group's right-of-use assets are leasehold land and the movements during the year are as follows:

	HK$'000
At 1 January 2020	82,193
Disposal during the year	(5,820)
Depreciation charge	(2,912)
Exchange realignment	3,133
At 1 January 2021	**76,594**
Depreciation charge	**(3,008)**
Exchange realignment	**1,707**
At 31 December 2021	**75,293**

Note:

At 31 December 2021, certain of the Group's right-of-use assets with a carrying amount of HK$18,658,000 (2020: HK$18,374,000) were sub-leased from certain grantees of the land use rights and therefore, the relevant land use rights were not registered under the name of the Group.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets	**3,008**	2,912
Expenses relating to short-term leases	**6,908**	7,869
Total amount recognised in profit or loss	**9,916**	10,781

(c) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 40(c) and 41(b), respectively, to the financial statements.

16. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of one commercial property, one health care property and fifteen warehouses (2020: one commercial property, one health care property and fifteen warehouses) in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$399,714,000 (2020: HK$310,639,000), details of which are included in note 5 to the financial statements.

At 31 December 2021, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**322,258**	262,727
After one year but within two years	**192,508**	125,556
After two years but within three years	**111,092**	84,167
After three years but within four years	**96,135**	70,132
After four years but within five years	**89,503**	68,442
After five years	**679,959**	772,995
	1,491,455	1,384,019

17. GOODWILL

	2021			2020		
	Properties business HK$'000	**Logistics business HK$'000**	**Total HK$'000**	Properties business HK$'000	Logistics business HK$'000	Total HK$'000
Cost and net carrying amount as at 1 January	**44,031**	**78,991**	**123,022**	44,031	78,991	123,022
Transfer from assets of disposal groups held for sale (note 15)	**–**	**63,082**	**63,082**	–	–	–
Transfer to assets of disposal groups held for sale (note 15)	**–**	**(13,703)**	**(13,703)**	–	–	–
Cost and net carrying amount as at 31 December	**44,031**	**128,370**	**172,401**	44,031	78,991	123,022

17. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following operating segments for impairment testing:

- Properties business
- Logistics business

(i) Properties business

The recoverable amount of the properties business has been determined by reference to the fair value less costs of disposal of each relevant business unit comprising the segment.

In assessing the fair value less costs of disposal of each individual business unit, references were made to the valuation of the investment properties, properties held for sale, buildings and/or health care property held and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business unit. Fair values of the properties were determined based on valuations performed by independent valuers at year end or close to year end using direct comparison method, which has used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in HKFRS 13).

Based on the result of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the Group's goodwill which has been allocated to the properties business segment as at 31 December 2021.

(ii) Logistics business

The recoverable amount of the logistics business has been determined by reference to the fair value less costs of disposal of each relevant business unit comprising the segment.

In assessing the fair value less costs of disposal of each individual business unit, references were made to the valuation of the investment properties, land under development or sale and warehouses in property, plant and equipment, and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value, excluding any deferred tax liabilities initially recognised on acquisition of the relevant business unit. Fair values of the properties were determined based on valuations performed by independent valuers at year end using direct comparison method which have used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in HKFRS 13).

Based on the result of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the Group's goodwill which has been allocated to the logistics business segment as at 31 December 2021.

17. GOODWILL (Continued)

Key assumptions used in assessing the fair value less costs of disposal

The following describes each key assumption adopted by management for the purpose of impairment testing of goodwill:

- ***Fair value change***

  There is no major material adverse change in the fair value of the property held by each cash-generating unit from the date of valuation.

- ***Realisation of assets and liabilities***

  The identifiable assets and liabilities, excluding deferred tax liabilities recognised arising from the acquisition, can be realised at their book values.

- ***Business environment***

  There are no major changes in the existing political, legal and economic conditions in Mainland China.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of the logistics business segment cash-generating unit to exceed its recoverable amount.

18. INTERESTS IN JOINT VENTURES

	Notes	**2021 HK$'000**	2020 HK$'000
Investments in joint ventures:			
Share of net assets		**1,923,614**	1,790,554
Goodwill on acquisition		**19,283**	19,283
	(b)	**1,942,897**	1,809,837
Less: Associated with a disposal group classified as held for sale in current assets (note 15)	(b)	**(1,706,614)**	—
Investments in joint ventures, included in non-current assets		**236,283**	1,809,837
Due from a joint venture, included in non-current assets	(c)	**—**	101,329
Interests in joint ventures, included in non-current assets		**236,283**	1,911,166
Due from joint ventures, included in current assets	(c)	**57,841**	109,692
Due to a joint venture, included in current liabilities	(d)	**—**	(1,078)
Due to a joint venture, included in non-current liabilities	(e)	**(216,731)**	(209,961)
Investments in joint ventures associated with a disposal group classified as held for sale		**1,706,614**	—
Total interests in joint ventures		**1,784,007**	1,809,819

18. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) Particulars of the Group's joint ventures, which are all indirectly held by the Company, are as follows:

Company name	Place of registration and business	Registered capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
北京北建通成國際物流有限公司("BIPL")*	The PRC/ Mainland China	RMB1,235,450,000	76	76	76	Logistics facilities development and leasing
天津港北建通城國際物流有限公司#	The PRC/ Mainland China	RMB240,000,000	50	50	50	Logistic facilities development
北京京泰物流置業有限公司	The PRC/ Mainland China	US$20,000,000	40	40	40	Storage and logistic facilities development

* In the opinion of the directors, notwithstanding that the Group has over 50% voting power and/or ownership interest, the Group only has joint control over this entity because unanimous approval from all directors is required for any resolution to pass at the directors' meetings.

\# The Group acquired this joint venture from BIPL in December 2018 at a consideration of RMB111,045,000 (equivalent to HK$126,380,000). The consideration had been fully settled in 2020.

(b) Joint ventures' summarised financial information disclosure

BIPL is considered a material joint venture of the Group and was accounted for using the equity method in the consolidated financial statements. On 20 October 2021, the proposed ordinary resolution in relation to the disposal of investment in BIPL was approved by the shareholders of the Company. In the opinion of the directors, the aforementioned disposal is available for immediate sale, therefore the interests in BIPL were classified as held for sale. The following tables illustrate the summarised financial information of BIPL, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	BIPL 2021 HK$'000	BIPL 2020 HK$'000
Summarised statement of financial position of the material joint venture:		
Current assets	**242,565**	432,977
Non-current assets	**5,194,477**	4,643,097
Current liabilities	**(340,430)**	(613,429)
Non-current liabilities	**(2,862,377)**	(2,396,266)
Net assets	**2,234,235**	2,066,379
Reconciliation to the Group's investment in the material joint venture:		
Proportion of the Group's ownership	**76%**	76%
The Group's share of net assets of the material joint venture, excluding goodwill	**1,698,019**	1,570,448
Goodwill on acquisition	**8,595**	8,595
Carrying amount of the investment	**1,706,614**	1,579,043

18. INTERESTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(b) Joint ventures' summarised financial information disclosure (Continued)

	BIPL	
	2021	2020
	HK$'000	HK$'000
Summarised statement of profit or loss and other comprehensive income of the material joint venture:		
Revenue	**202,984**	157,146
Profit/(loss) for the year	**99,635**	(21,558)
Other comprehensive income for the year	**58,724**	84,622
Total comprehensive income for the year	**158,359**	63,064
Share of the joint venture's profit/(loss) for the year	**75,723**	(16,384)

The following table illustrates the financial information of the Group's joint ventures that are not individually material:

	2021	2020
	HK$'000	HK$'000
Share of the joint ventures' loss for the year	**(1,959)**	(1,248)
Share of the joint ventures' other comprehensive income/(loss) for the year	**493**	(827)
Aggregate carrying amount of the Group's investments in the joint ventures	**236,283**	230,794

(c) At 31 December 2021, the Group's amount due from a joint venture included entrusted bank loans with an aggregate amount of RMB25,000,000 (equivalent to HK$30,645,000) (2020: RMB137,330,000 (equivalent to HK$163,079,000), of which RMB25,000,000 (equivalent to HK$29,687,000) is included in assets of the China Logistics Disposal Groups classified as held for sale in 2020 (note 15)). In addition. the entrusted bank loans included in current assets bear interest at the rate of 4.35% (2020: 4.35% to 4.75%) per annum and are fully repayable within one year from the end of the reporting period. Furthermore, there was no entrusted bank loans included in non-current assets, while in prior year, the entrusted bank loans included in non-current assets bear interest at the rate of 4.35% per annum and repayable at the discretion of the joint venture. The remaining balance amounted to HK$27,196,000 (2020: HK$80,555,000), of which HK$1,103,000 (2020: HK$2,926,000) is included in assets of disposal groups classified as held for sale.

(d) In prior year, the amounts due to joint ventures included in current liabilities were unsecured, interest-free and repayable on demand.

(e) At 31 December 2021, the amounts due to joint ventures included in non-current liabilities of RMB176,809,000 (equivalent to HK$216,731,000) (2020: RMB176,809,000 (equivalent to HK$209,961,000)) are unsecured, interest-free and repayable after one year from the end of the reporting period.

19. INTERESTS IN ASSOCIATES

	Notes	2021 HK$'000	2020 HK$'000
Investments in associates, included in non-current assets:			
Share of net assets		**691,340**	646,290
Goodwill on acquisition		**113,442**	113,442
Total investments in associates		**804,782**	759,732
Provision for impairment	(c)	**(127,997)**	(82,427)
Total interests in associates	(b)	**676,785**	677,305

Notes:

(a) Particulars of the Group's principal associates, which are all indirectly held by the Company, are as follows:

Company name	Place of registration and business	Registered capital	Percentage of ownership interest attributable to the Group	Principal activities
Beijing Health (Holdings) Limited ("BJ Health") (formerly known as Beijing Enterprises Medical and Health Industry Group Limited)	Cayman Islands/ Mainland China	HK$1,215,789,000	15.55%*	Provision of medical care, health care and geriatric care related services and products
北控城投控股集團有限公司	The PRC/ Mainland China	RMB700,000,000	35%	Primary land development

* In the opinion of the directors, notwithstanding that the Group has only 15.55% equity interest in BJ Health, the Group has been able to exercise significant influence over BJ Health because the Group has appointed three representatives as directors of BJ Health for the years ended 31 December 2021 and 2020.

Shares of BJ Health are listed on the Main Board of the Stock Exchange. The market value of the shares of BJ Health held by the Group as at 31 December 2021, based on their then quoted market price, amounted to approximately HK$85,995,000 (2020: HK$137,025,000).

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Associates' summarised financial information disclosure

BJ Health is considered a material associate of the Group and is accounted for using the equity method in the consolidated financial statements.

The following tables illustrate the summarised financial information of BJ Health, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	BJ Health	
	2021	2020
	HK$'000	HK$'000
Summarised statement of financial position of the material associate:		
Current assets	**750,828**	739,380
Non-current assets	**2,361,546**	2,343,649
Current liabilities	**(246,300)**	(220,745)
Non-current liabilities	**(95,040)**	(96,828)
Non-controlling interests	**(236,407)**	(242,614)
Net assets	**2,534,627**	2,522,842
Reconciliation to the Group's investment in the material associate:		
Proportion of the Group's ownership	**15.55%**	15.55%
Group's share of net assets of the material associate, excluding goodwill	**394,021**	392,188
Goodwill on acquisition	**113,442**	113,442
	507,463	505,630
Cumulative impairment#	**(123,463)**	(77,893)
Carrying amount of the investment	**384,000**	427,737

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Associates' summarised financial information disclosure (Continued)

	BJ Health	
	2021	2020
	HK$'000	HK$'000
Summarised statement of profit or loss and other comprehensive income of the material associate:		
Revenue	**203,776**	149,887
Loss for the year	**(29,894)**	(172,125)
Other comprehensive income for the year	**41,679**	93,483
Total comprehensive income/(loss) for the year	**11,785**	(78,642)
Share of the associate's loss for the year	**(4,647)**	(26,758)
Impairment of the associate for the year#	**(45,570)**	—
Total share of loss of the associate for the year	**(50,217)**	(26,758)

This amount included an impairment of an associate recognised in the current year amounted to HK$45,570,000, which is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2021	2020
	HK$'000	HK$'000
Share of the associates' profit/(loss) for the year	**13,483**	(12,011)
Share of the associates' other comprehensive loss for the year	**(1,099)**	(4)
Aggregate carrying amount of the Group's investments in the associates	**292,785**	249,568

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(c) The movement in provision for impairment of an investment in an associate is as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	**82,427**	82,427
Impairment loss (note 8)	**45,570**	—
At 31 December	**127,997**	82,427

At 31 December 2021, the market value of an associate was lower than its carrying amount. The Group performed an impairment assessment of the investment in an associate.

The recoverable amount is determined based on value-in-use by the discounted cash flow model of the associate's core businesses, and the fair value of the associate's non-core businesses assets, including lands, properties, listed equity investments and etc., and discount of lack of control in computation of the recoverable amount. Based on the assessment result, HK$45,570,000 (2020: Nil) impairment loss had been recognised by the Group during the year ended 31 December 2021.

20. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2021 HK$'000	2020 HK$'000
Listed equity investment, at fair value:			
CAQ Holdings Limited	(a)	**13,526**	16,846
江蘇網博視界網絡科技公司	(b)	**7,355**	7,125
		20,881	23,971

Notes:

(a) The fair value of the listed equity investment is determined by reference to its published quotations. The market value of the listed equity investment as at the date of approval of these financial statements was approximately HK$8,239,000 (2020: HK$16,846,000).

(b) The fair value of the listed equity investment is determined by reference to its published quotations. The market value of the listed equity investment as at the date of approval of these financial statements was approximately HK$7,355,000 (2020: HK$7,125,000).

(c) The above equity investment was irrevocably designated as at fair value through other comprehensive income as the Group considered the investment to be strategic in nature and not held for trading.

21. LAND HELD FOR DEVELOPMENT OR SALE AND PROPERTIES UNDER DEVELOPMENT FOR SALES

At 31 December 2021, land held for development or sale mainly represented a freehold land located in Cambodia (the "Cambodia Land") with a total area of 14.67 square kilometres, which was classified as non-current assets since the development or sale of which is expected to be completed after one year from the end of the reporting period.

In prior year, in addition to the Cambodia Land, land held for development or sale also includes leasehold lands located in Quzhou and Changzhou, the PRC (the "PRC Land"), with a total area of 94,789 square metres and 138,378 square metres, respectively. During the current year, the land located in Changzhou is reclassified to properties under development for sale included in current asset, since the development projects of which are expected to be completed within one year from the end of the reporting period, in the opinion of the directors.

At 31 December 2021, part of the PRC Land with a carrying amount of HK$1,872,755,000 (2020: HK$1,074,160,000) was pledged to secure certain bank loans granted to the Group (note 30(a)).

22. PROPERTIES HELD FOR SALE

Properties held for sale of the Group as at 31 December 2021 and 2020 represented certain portion of the Group's shopping mall in Guangzhou, the PRC, which are held by the Group for ultimate transfer to certain indigenous properties owners (note 32) as compensation and seized by the local government authority until such time when the compensation is settled.

At 31 December 2021, part of the properties of HK$43,377,000 (2020: HK$45,897,000) were pledged to secure certain bank loans granted to the Group (note 30(a)).

23. INVENTORIES

Inventories of the Group as at 31 December 2021 and 2020 are mainly frozen products held by the Group in respect of its trading business which commenced in 2019.

24. TRADE RECEIVABLES

	Note	2021 HK$'000	2020 HK$'000
Trade Receivables		**96,501**	57,673
Impairment	(b)	**(5,979)**	(5,979)
		90,522	51,694

Notes:

(a) Trade receivables of the Group included rental income receivable from tenants of the Group's investment properties, service fees receivable from customers of the Group's logistics centres and receivable from customers of trading business. The various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables, except for trade receivables in relation to rental income were fully collateralised by the security deposits paid by the relevant customers.

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

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

24. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) The movement in the loss allowance for impairment of trade receivables during the year is as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	**5,979**	—
Impairment	**—**	5,979
At 31 December	**5,979**	5,979

The Company applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs have also incorporated forward looking information. The ECLs allowances for trade receivables as at 31 December 2021 and 2020 were considered as insignificant, except for a loss allowance of HK$5,979,000 (2020: HK$5,979,000) which was made in respect of rental income receivable.

(c) At 31 December 2021, trade receivables of HK$2,844,000 (2020: HK$2,489,000) were pledged to secure certain bank loans granted to the Group (note 30(a)).

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 HK$'000	2020 HK$'000
Prepayments	**87,514**	33,489
Deposits and other receivables (note)	**26,436**	25,998
Value-added tax recoverable	**137,226**	174,334
	251,176	233,821
Portion classified as current assets	**(240,818)**	(224,053)
Non-current portion	**10,358**	9,768

Note:

Deposits and other receivables mainly represent utility deposits and construction deposits. An impairment analysis is performed at each reporting date by considering the expected credit losses which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The ECLs allowance for deposits and other receivables as at 31 December 2021 and 2020 were considered as insignificant.

26. BALANCES WITH OTHER RELATED PARTIES

	2021 HK$'000	2020 HK$'000
Due to other related parties:		
The immediate holding company	**540**	617
The intermediate holding company	**429,027**	—
A fellow subsidiary	**62,940**	3,454
Non-controlling equity holders of subsidiaries	**123,218**	203,022
	615,725	207,093
Portion classified as current liabilities	**(542,291)**	(17,701)
Non-current portion	**73,434**	189,392

Note:

The amounts due to other related parties included in current liabilities are unsecured, interest-free and repayable on demand.

At 31 December 2021, the amounts due to other related parties included in non-current liabilities are unsecured, interest-free and repayable after one year from the end of the reporting period, except for loans of HK$2,942,000 (2020: HK$1,544,000) from non-controlling equity holders of subsidiaries which are unsecured, bear interest at the rate ranging from 4.35% to 5.23% (2020: 4.75%) per annum and are repayable after one year from the end of the reporting period.

27. PLEDGED AND RESTRICTED BANK DEPOSITS, AND CASH AND CASH EQUIVALENTS

	Notes	2021 HK$'000	2020 HK$'000
Deposits placed with a fellow subsidiary	42(a)(ii)	**370,239**	381,507
Time deposits placed in banks		**244,420**	78,818
Other cash and bank balances		**573,622**	306,325
Total cash and bank balances	(a)	**1,188,281**	766,650
Less: Pledged bank balances:			
— included in non-current assets	(b)	**(987)**	(6,132)
— included in current assets	(b)	**(99,973)**	(16,608)
Cash and cash equivalents		**1,087,321**	743,910

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2021, the cash and bank balances of the Group denominated in RMB amounted to HK$909,853,000 (2020: HK$670,904,000), of which HK$89,035,000 (2020: HK$71,915,000) are included in assets of disposal groups classified as held for sale (note 15). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) At 31 December 2021, the Group's bank balances amounting to HK$105,740,000 (2020: HK$24,946,000), of which HK$4,781,000 (2020: HK$2,206,000) is included in assets of disposal groups classified as held for sale (note 15), were restricted as to their use in accordance with the bank loan agreements of certain bank loans granted to the Group (note 30(a)).

28. TRADE PAYABLES

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

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

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

29. OTHER PAYABLES AND ACCRUALS

	Notes	2021 HK$'000	2020 HK$'000
Interest payable of guaranteed bonds		**118,931**	119,490
Accruals		**39,076**	25,634
Receipts in advance and rental deposits received from tenants		**104,392**	108,872
Contract liabilities	(a)	**21,280**	11,347
Other payables	(b)	**191,269**	158,164
Construction cost payables		**146,239**	144,210
Deferred revenue — current portion	33	**2,320**	3,140
Defined benefit obligations — current portion	34(b)	**748**	95
		624,255	570,952

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2021 HK$'000	31 December 2020 HK$'000	1 January 2020 HK$'000
Receipts in advance from customers	**21,280**	11,347	91,303

Contract liabilities represented customers' deposits received for the sales of frozen products. The increase in contract liabilities in 2021 was mainly due to more sales order received close to the end of the reporting period.

(b) Other payables are non-interest-bearing and have an average term of three months.

30. BANK AND OTHER BORROWINGS

	Notes	2021 HK$'000	2020 HK$'000
Bank loans:			
Secured	(a)	**1,667,075**	2,677,026
Unsecured		**2,128,980**	725,000
Total bank loans	(b)	**3,796,055**	3,402,026
Other loans — Unsecured	(c)	**1,194,655**	1,185,838
Total bank and other loans		**4,990,710**	4,587,864
Portion classified as current liabilities		**(2,364,872)**	(1,887,177)
Non-current portion		**2,625,838**	2,700,687

	2021 HK$'000	2020 HK$'000
Analysis into:		
Bank loans repayable:		
Within one year or on demand	**1,351,143**	908,677
In the second year	**1,503,701**	532,836
In the third year to fifth years, inclusive	**173,866**	1,526,299
After five years	**767,345**	434,214
	3,796,055	3,402,026
Other borrowings repayable:		
Within one year or on demand	**1,013,728**	978,500
In the second year	**38,000**	32,063
In the third year to fifth years, inclusive	**103,702**	91,319
After five years	**39,225**	83,956
	1,194,655	1,185,838
	4,990,710	4,587,864

30. BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) The secured bank loans of the Group are secured by the following assets:

	Notes	Carrying amount 2021 HK$'000	2020 HK$'000
Buildings and warehouses included in property, plant and equipment	13	**14,411**	13,961
Investment properties	14(a)	**7,774,945**	7,386,002
Properties held for sale	22	**47,377**	45,897
Land held for development or sale and properties under development for sale	21	**1,872,755**	1,074,160
Pledged and restricted bank deposits	27(b)	**6,619**	24,946
Net asset value of certain subsidiaries*		**3,438,588**	3,318,177
Trade receivables	24	**2,844**	2,489

* At 31 December 2021, certain equity interests of subsidiaries with an aggregate net asset value of HK$3,438,588,000 (2020: HK$3,318,177,000) were pledged to secure certain bank loans granted to the Group.

In addition, the Group's bank loans are guaranteed by the Company and some directors of certain subsidiaries.

(b) An analysis of the bank borrowings denominated in different currencies is as follows:

	Carrying amount 2021 HK$'000	2020 HK$'000
HK$	**850,574**	693,735
RMB	**1,201,544**	1,698,960
US$	**1,743,937**	1,009,331
	3,796,055	3,402,026

All of the bank loans as at 31 December 2021 and 2020 are floating rate loans with interests at specified periods' LIBOR or HIBOR or the benchmark lending rate of the People's Bank of China plus a margin.

(c) The other borrowings of the Group represent (i) loans from Beijing Enterprises Group Finance Co., Ltd. ("BG Finance", a fellow subsidiary and an authorised financial institution under China Banking Regulatory Commission), which are denominated in RMB, unsecured and bear interest according to the benchmark lending rate of the People's Bank of China plus a margin; and (ii) a loan from 北京北控城市開發有限公司 ("BE City Development", a fellow subsidiary of the Company) under the instruction from BE City (an intermediate holding company of the Company), which are denominated in RMB, unsecured and bear fixed interest at a rate of 5.95%.

31. GUARANTEED BONDS

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

Note:

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

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, at their principal amount, together with interest accrued up to but excluding the date fixed for redemption. They also contain a provision for redemption at the option of the holders of the respective bonds at 101% of the principal amount, together with interest accrued to the date of redemption, upon a change of control (as defined in terms and conditions of the respective bonds) with respect to the Company. During the year, the Group repurchased nominal amount of HK$80,340,000 of the guaranteed bonds, resulting in a total gain on early redemption of HK$3,607,000 recognised in profit or loss.

In addition, the guaranteed bonds were bound by the Keepwell Deed signed between the Group and BE Group on 27 February 2020. According to the Keepwell Deed, BE Group is obliged to provide an irrevocable cross-border standby facility and liquidity to the Group in the amount equivalent to the bond outstanding balance in maximum. Details of the terms and conditions of the guaranteed bonds and the Keepwell Deed are set out in the announcement dated 25 February 2020.

32. PROVISION FOR COMPENSATION

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

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.

32. PROVISION FOR COMPENSATION (Continued)

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

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

In arriving at the best estimate of the amount of the provision for the resettlement compensation, management of the Group had made reference to the latest plan of the Compensation Arrangement, judgements of the lawsuits and all other available information. As a result of the new development on the latest plan of the Compensation Arrangement, in the opinion of the directors, the amount of compensation cost that the Group may incur would be HK$249,863,000 (2020: HK$240,242,000) as at 31 December 2021.

33. DEFERRED REVENUE

	2021 **HK$'000**	2020 HK$'000
Deferred income expected to be recognised in profit or loss:		
Within one year, included in current liabilities under other payables and accruals (note 29)	**2,320**	3,140
After one year, included in non-current liabilities	**88,618**	135,314
	90,938	138,454
Deferred income included in liabilities directly associated with the assets of disposal groups classified as held for sale (note 15)	**87,912**	—
	178,850	138,454

Deferred revenue of the Group mainly represented government subsidies received 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 Mainland China. These subsidies are recognised in profit or loss on the straight-line basis over the expected useful lives of the underlying assets.

34. DEFINED BENEFIT OBLIGATIONS

Certain employees of BJ Holiday Inn, an indirectly-held wholly-owned subsidiary of the Company, can enjoy retirement benefits after retirement pursuant to certain of its defined benefit plans. The plans are exposed to interest rate risk and the risk of changes in the life expectancy of the employees.

(a) Net benefit expense (recognised in administrative expenses)

	Supplemental post-retirement benefits	
	2021	2020
	HK$'000	HK$'000
Current service cost	**96**	371
Past service cost — plan amendments	**(169)**	112
Interest cost	**482**	697
Net benefit expenses	**409**	1,180

(b) Present value of the defined benefit obligations

	Supplemental post-retirement benefits	
	2021	2020
	HK$'000	HK$'000
At 1 January	**13,953**	20,247
Net benefit expenses recognised in profit or loss (note (a))	**409**	1,180
Benefit paid	**(735)**	(8,398)
Actuarial losses on obligations recognised in other comprehensive income	**1,011**	79
Exchange realignment	**485**	845
At 31 December	**15,123**	13,953
Portion classified as current liabilities, included in other payables and accruals (note 29)	**(748)**	(95)
Non-current portion	**14,375**	13,858

34. DEFINED BENEFIT OBLIGATIONS (Continued)

(c) Principal assumptions

The most recent actuarial valuation of the present value of the defined benefit obligations was carried out at 31 December 2021 by Towers Watson & Co., an independent professionally actuarial consulting firm, using the projected unit credit actuarial cost method. The material actuarial assumption used in determining the defined benefit obligations for the Group's plans is as follows:

	2021	2020
Discount rate	**3.00%**	3.50%

A quantitative sensitivity analysis for the discount rate as at 31 December 2021 and 2020 is shown below:

	Increase in discount rate %	**Decrease in net defined benefits obligations HK$'000**	**Decrease in discount rate %**	**Increase in net defined benefits obligations HK$'000**
2021	**0.25**	**(463)**	**(0.25)**	**487**
2020	0.25	(427)	(0.25)	425

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in the key assumption occurring at the end of the reporting period.

At 31 December 2021, the expected cash contribution to be made within the next 12 months out of the defined benefit obligations was HK$748,000 (2020: HK$95,000).

35. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2021 HK$'000	2020 HK$'000
Deferred tax liabilities	**(1,781,466)**	(1,494,005)
Deferred tax liabilities included in liabilities directly associated with the assets of disposal groups classified as held for sale (note 15)	**(157,314)**	(342,844)
	(1,938,780)	(1,836,849)

35. DEFERRED TAX (Continued)

	Attributable to					
	Government grants HK$'000	Adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of investment properties HK$'000	Withholding tax on dividend HK$'000	Capital gain HK$'000	Total HK$'000
At 1 January 2020	46,806	(929,291)	(735,227)	(2,349)	(35,685)	(1,655,746)
Net deferred tax credited/(charged) to profit or loss during the year	2,425	301	(89,976)	–	(25,666)	(112,916)
Exchange realignment	2,408	(18,356)	(52,094)	(145)	–	(68,187)
At 31 December 2020 and 1 January 2021	**51,639**	**(947,346)**	**(877,297)**	**(2,494)**	**(61,351)**	**(1,836,849)**
Net deferred tax credited/(charged) to profit or loss during the year	**495**	**323**	**(47,163)**	**–**	**(10,845)**	**(57,190)**
Exchange realignment	**1,354**	**(10,461)**	**(35,554)**	**(80)**	**–**	**(44,741)**
At 31 December 2021	**53,488**	**(957,484)**	**(960,014)**	**(2,574)**	**(72,196)**	**(1,938,780)**

Notes:

(a) At 31 December 2021, deferred tax assets have not been recognised in respect of unused tax losses of HK$456,647,000 (2020: HK$339,654,000) that will expire in one to five years as they have arisen in subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised.

(b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes (2020: Nil). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was approximately HK$360,313,000 (2020: HK$311,231,000) in aggregate as at 31 December 2021.

(c) There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders (2020: Nil).

(d) The deferred capital gain tax is arising from the Potential Disposal of subsidiaries. Further details are set out in note 15 to the financial statements.

36. SHARE CAPITAL

Shares

	2021 **HK$'000**	2020 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
6,969,331,680 (2020: 6,969,331,680) ordinary shares of HK$0.10 each	**696,933**	696,933

There was no movement in the Company's issued capital and share premium account during the years ended 31 December 2021 and 2020.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 37 to the financial statements.

37. SHARE OPTION SCHEME

On 18 March 2010, the Company adopted a share option scheme (the "Scheme") and, unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. The directors of the Company may, at their discretion, invite employees (including executive directors) and non-executive directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK$1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the board of directors at their discretion, save that no option may be exercised later than 10 years after the grant date. No option may be granted more than 10 years after the date of approval of the Scheme.

37. SHARE OPTION SCHEME (Continued)

The exercise price of the share options is determinable by the board of directors, but may not be less than the highest of (i) the closing price of the Company's ordinary shares on the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Company's ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of an ordinary share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The following share options were outstanding under the Scheme during the year:

	2021 Weighted average exercise price (HK$ per share)	**2021** Number of options '000	2020 Weighted average exercise price (HK$ per share)	2020 Number of options '000
At 1 January	**0.622**	**758,963**	0.622	758,963
Expired during the year	**0.465**	**(30,000)**	–	–
Forfeited during the year	**0.616**	**(576,750)**	–	–
At 31 December	**0.675**	**152,213**	0.622	758,963

Notes:

(a) The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options outstanding **2021** '000	Number of options outstanding 2020 '000	**Exercise price*** **(HK$ per share)**	**Exercise period#**
–	105,000	0.465	28 October 2011 to 27 October 2021
36,013	213,813	0.410	1 June 2012 to 31 May 2022
36,400	146,700	0.574	24 May 2013 to 23 May 2023
42,200	177,450	0.940	31 March 2014 to 30 March 2024
10,100	37,000	0.750	28 August 2014 to 27 August 2024
27,500	79,000	0.720	8 April 2015 to 7 April 2025
152,213	758,963		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The share options have no vesting period.

37. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

(b) At 31 December 2021, the Company had 152,213,000 (2020: 758,963,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 152,213,000 (2020: 758,963,000) additional ordinary shares of the Company and additional share capital of HK$15,221,000 (2020: HK$75,896,000) and share premium of HK$87,481,000 (2020: HK$396,213,000) (before issue expenses and without taking into account any transfer of share option reserve to the share premium account).

(c) During the year, 30,000,000 share options and 576,750,000 share options (2020: Nil) were expired and forfeited, respectively. Accordingly, the portion of share option reserve of HK$106,714,000 (2020: Nil) was transferred to retained profits during the year.

38. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) The share option reserve of the Group comprises the fair value of share options granted which are yet to exercise, as further explained in the accounting policy for the "Share-based payments" in note 2.5 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(c) The PRC statutory reserves are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's subsidiaries, joint ventures and associates established in Mainland China. None of the Group's PRC statutory reserves as at 31 December 2021 and 2020 were distributable in the form of cash dividends.

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Zhong Jian Jin Bian was considered subsidiary that has material non-controlling interests during the years ended 31 December 2021 and 2020, and details of which are set out below:

	Zhong Jian Jin Bian	
	2021 **HK$'000**	2020 HK$'000
Percentage of equity interest held by non-controlling equity holders of subsidiaries	**40%**	40%
Consolidated profit for the year allocated to non-controlling interests	**152**	1,729
Dividends paid	**—**	—
Accumulated balances of non-controlling interests at the reporting date	**1,436,532**	1,436,380

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised consolidated financial information of Zhong Jian Jin Bian:

	Zhong Jian Jin Bian	
	2021	2020
	HK$'000	HK$'000
Revenue	**–**	–
Total expenses	**380**	4,321
Profit for the year	**380**	4,321
Total comprehensive income for the year	**380**	4,321
Current assets#	**3,113**	74,921
Non-current assets	**4,120,309**	4,120,309
Current liabilities#	**(10,259)**	(681,789)
Non-current liabilities	**(1,042,121)**	(1,042,121)
Net cash flows from operating activities	**3**	3
Net cash flows from investing activities	**–**	–
Net cash flows used in financing activities	**–**	–
Net increase in cash and cash equivalents	**3**	3

The amounts disclosed above are before any inter-company eliminations.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had no major non-cash transactions of investing and financing activities during the years ended 31 December 2021 and 2020.

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Guaranteed bonds HK$'000	Due to other related parties HK$'000	Due to joint ventures HK$'000
At 1 January 2020	3,659,907	4,276,188	189,812	201,178
Changes from financing cash flows	699,667	1,488,180	13,292	—
Changes from operating cash flows	—	—	3,938	(2,470)
Interest expense	—	29,678	—	—
Attributable to disposal groups held for sale, net	109,945	—	—	—
Exchange realignment	118,345	—	51	12,331
At 31 December 2020 and 1 January 2021	**4,587,864**	**5,794,046**	**207,093**	**211,039**
Changes from financing cash flows	**684,161**	**(76,733)**	**19,683**	**—**
Changes from operating cash flows	**—**	**(3,607)**	**514,999**	**(1,093)**
Interest expense	**—**	**23,655**	**—**	**—**
Attributable to disposal groups held for sale, net	**(376,636)**	**—**	**(142,094)**	**—**
Exchange realignment	**95,321**	**—**	**16,044**	**6,785**
At 31 December 2021	**4,990,710**	**5,737,361**	**615,725**	**216,731**

(c) Total cash outflows for lease

All cash outflows for lease included in the statement of cash flow for the year ended 31 December 2021 are HK$6,908,000 (2020: HK$7,869,000) and within operating activities.

41. COMMITMENTS

At 31 December 2021 and 2020, the Group had the following capital commitments:

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

In addition, the Group's share of joint ventures' own capital commitments, which are contracted but not provided for and not included in the above disclosure, amounted to HK$19,526,000 (2020: HK$759,627,000) as at 31 December 2021.

42. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2021 HK$'000	2020 HK$'000
Interest income from a joint venture	(i)	**3,564**	4,816
Interest income from a fellow subsidiary	(ii)	**1,501**	1,803
Interest expense to fellow subsidiaries	(iii)	**69,917**	10,678

Notes:

(i) The interest income was charged on bank entrusted loans advanced to the joint venture at mutually-agreed rates.

(ii) Pursuant to a deposit services master agreement (the "Deposit Agreement") entered into between the Company and BG Finance on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non-wholly-owned subsidiary of BE Group and acts as a platform for members of BE Group for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 2021. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Agreement shall not exceed of HK$400,000,000. Further details of the Deposit Agreement are set out in the Company's announcement dated 28 April 2017 and 29 October 2019.

42. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

Notes: (Continued)

(ii) (Continued)

The deposits placed by the Group with BG Finance as at 31 December 2021 amounted to HK$395,793,000 (2020: HK$391,605,000), of which HK$25,554,000 (2020: HK$10,098,000) is included in assets of disposal groups classified as held for sale.

(iii) The interest expense was charged on loans from BE City Development and BG Finance at mutually-agreed rates as disclosed in note 30(c) to the financial statements.

Save as disclosed above and the balances detailed in notes 18, 19, 26 and 30 to the financial statements, the Group had no material transactions and outstanding balances with related parties during the years ended 31 December 2021 and 2020.

(b) Transactions with other state-owned entities in Mainland China

The Company is a state-owned enterprise of the PRC government and is subject to the control of the Beijing SASAC and ultimate control of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively the "Other SOEs"). During the year, the Group had transactions with the Other SOEs including, but not limited to, bank borrowings, deposits and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's businesses, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are individually or collectively significant related party transactions that require separate disclosure in the financial statements.

(c) Compensation of key management personnel of the Group

	2021 **HK$'000**	2020 HK$'000
Short term employee benefits	**19,958**	20,332
Pension scheme contributions	**2,542**	1,085
Total compensation paid to key management personnel	**22,500**	21,417

Further details of directors' emoluments are included in note 9 to the financial statements.

43. FINANCIAL INSTRUMENTS BY CATEGORY

Except for equity investments being classified as financial assets at fair value through other comprehensive income, as further detailed in note 20 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2021 and 2020 were financial assets and financial liabilities at amortised cost, respectively.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group's financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the financial controller analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The following table sets out a comparison, by carrying amount and fair value, of the Group's financial instruments that are carried in the financial statements at other than fair value:

	Carrying amount		Fair value	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Non-current financial assets:				
Deposits and other receivables	**10,358**	9,768	**10,358**	9,768
Non-current financial liabilities:				
Due to a joint venture	**216,731**	209,961	**192,990**	195,843
Due to other related parties	**73,434**	189,392	**67,046**	169,742
Bank and other borrowings	**2,625,838**	2,700,687	**2,540,943**	2,695,715
Guaranteed bonds	**5,737,361**	5,794,046	**5,445,644**	5,211,394
	8,653,364	8,894,086	**8,246,623**	8,272,694

Note:

The fair values of the financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments, therefore, no disclosure of the fair values of these financial instruments is made.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, guaranteed bonds and cash and bank balances. The main purpose of these financial instruments is to finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, deposits received and other payables.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main risks arising from the Group's financial instruments are (a) interest rate risk, (b) foreign currency risk, (c) credit risk and (d) liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group's exposure to market risk arising from changes in interest rates in respect of cash and bank balances is considered relatively minimal.

At 31 December 2021, the Group's interest-bearing borrowings amounting to HK$3,856,609,000 (2020: HK$3,637,863,000) bore interest at floating rates.

At 31 December 2021, it was estimated that a general decrease/(increase) of 100 basis points in interest rate of average balances of bank loans and bank balances during the year, with all other variables held constant, would increase (decrease) the Group's profit before tax by approximately HK$38,689,000.

At 31 December 2020, it was estimated that a general decrease/(increase) of 100 basis points in interest rate of average balances of bank loans and bank balances during the year, with all other variables held constant, would decrease (increase) the Group's loss before tax by approximately HK$49,840,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's businesses are mainly carried out by subsidiaries located in Mainland China and the majority of their transactions are conducted in RMB. The Group therefore has minimal transactional currency exposure which arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

Owing to the fact that the presentation currency of these financial statements is Hong Kong dollar but the functional currency of the PRC subsidiaries, joint ventures and associates is RMB, the net assets of the Group's investments in these entities are exposed to foreign currency translation risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

(c) Credit risk

The Group only leases its completed investment properties to recognised and creditworthy third parties. It is the Group's policy that security deposits equivalent to three month rentals are received in advance from the tenant upon each rental agreement is signed.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Since the Group only leases its completed investment properties to recognised and creditworthy third parties, and the trade receivables are fully collateralised by the security deposits paid by the relevant tenant, there is no requirement for further collateral. Over 90% of the Group's customers and operations are located in Mainland China. Concentrations of credit risk are managed by diversity in customer base and geographical locations of warehouse portfolio.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts of financial assets.

At 31 December 2021

	Maximum exposure to credit risk				
	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	–	–	–	96,501	96,501
Financial assets included in prepayments, deposits and other receivables*	26,436	–	–	–	26,436
Due from joint ventures*	57,841	–	–	–	57,841
Pledged and restricted bank deposits, not yet past due	100,960	–	–	–	100,960
Cash and cash equivalents, not yet past due	1,087,321	–	–	–	1,087,321
	1,272,558	–	–	96,501	1,369,059

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

At 31 December 2020

	Maximum exposure to credit risk				
	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	—	—	—	57,673	57,673
Financial assets included in prepayments, deposits and other receivables*	25,998	—	—	—	25,998
Due from joint ventures*	211,021	—	—	—	211,021
Pledged and restricted bank deposits, not yet past due	22,740	—	—	—	22,740
Cash and cash equivalents, not yet past due	743,910	—	—	—	743,910
	1,003,669	—	—	57,673	1,061,342

* The credit quality of the financial assets included in prepayments, deposits and other receivables, and due from joint ventures are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 24 to the financial statements.

The credit risk of the Group's other financial assets, which comprise amounts due from joint ventures, deposits and other receivables and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank and other borrowings and guaranteed bonds. In addition, banking facilities have been put in place for contingency purposes.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of short term loans to cover expected cash demands, subject to approval by management of the Group. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 3 years HK$'000	More than 3 years HK$'000	Total HK$'000
At 31 December 2021						
Trade payables	**—**	**661,193**	**—**	**—**	**—**	**661,193**
Other payables	**399,148**	**356,103**	**171,647**	**—**	**—**	**926,898**
Due to other related parties	**468,205**	**74,983**	**74,332**	**—**	**—**	**617,520**
Due to joint ventures	**—**	**—**	**216,731**	**—**	**—**	**216,731**
Bank and other borrowings	**731,696**	**1,813,341**	**1,677,586**	**334,408**	**784,560**	**5,341,591**
Guaranteed bonds	**—**	**—**	**5,769,660**	**—**	**—**	**5,769,660**
	1,599,049	**2,905,620**	**7,909,956**	**334,408**	**784,560**	**13,533,593**
At 31 December 2020						
Trade payables	—	342,199	—	—	—	342,199
Other payables	367,516	298,601	348,075	348,075	—	1,362,267
Due to other related parties	3,548	15,023	189,430	1,701	—	209,702
Due to joint ventures	1,078	—	209,961	—	—	211,039
Bank and other borrowings	731,842	1,351,494	674,325	1,017,531	1,371,068	5,146,260
Guaranteed bonds	—	—	—	5,850,000	—	5,850,000
	1,103,984	2,007,317	1,421,791	7,217,307	1,371,068	13,121,467

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Interest rate benchmark reform

At 31 December 2021, the Group had certain interest-bearing bank and guaranteed bond denominated in United States dollars. The interest rates of these instruments are based on the LIBOR with a tenor of six months or twelve months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract

- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group)

- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

The information about non-derivative financial liabilities based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

	2021 **HK$'000**	2020 HK$'000
Interest-bearing bank and other borrowings		
— United States dollar LIBOR	**1,743,937**	1,328,321
Guaranteed bonds	**5,737,361**	5,794,046
	7,481,298	7,122,367

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

Depending on the market conditions and funding arrangements, if at any time repurchase of the Company's shares will lead to an enhancement of the net asset value per share and/or earnings per share of the Group, the directors will authorise such transactions.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total assets. Total borrowings are calculated as total bank borrowings and guaranteed bonds. The gearing ratio as at the end of the reporting period was as follows:

	2021 **HK$'000**	2020 HK$'000
Sum of bank and other borrowings and guaranteed bonds, net of cash and cash equivalents and pledged and restricted bank deposits	**9,539,790**	9,615,260
Total equity	**5,651,687**	5,672,169
Gearing ratio	**168.80%**	169.52%

46. EVENTS AFTER THE REPORTING PERIOD

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

(a) On 28 February 2022, the Group entered Sale and Purchase Agreement with JD Oriental Development III Limited in relation to the proposed disposal of BIPL. Pursuant to which, the Group disposed a total of 68.40% equity interest of BIPL at a final consideration of RMB1.362 billion, and the carrying amount of the 68.40% equity interest of BIPL held by the Group as at 31 December 2021 is appropriately RMB1.262 billion. However, as the proposed disposal was effected shortly before the date of approval of these financial statements, the Group is not yet in a position to disclose the financial impact of the disposal. For details, please refer to the announcement of the Company dated 28 February 2022.

(b) On 23 March 2022, the Group has passed a shareholders' resolution on disposal of the equity interests of certain projects located in the PRC by way of public tender through China Beijing Equity Exchange. The public tender is undergoing and yet to complete up to the date of approval of these financial statements. For details, please refer to the circular of the Company dated 3 March 2022.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**8,472,622**	7,569,051
Equity investment at fair value through other comprehensive income	**13,526**	16,846
Total non-current assets	**8,486,148**	7,585,897
CURRENT ASSETS		
Prepayments, deposits and other receivables	**5,226**	4,288
Due from subsidiaries	**868,994**	1,098,747
Due from joint ventures	**5,737**	35,031
Cash and bank balances	**349,847**	118,696
Total current assets	**1,229,804**	1,256,762
CURRENT LIABILITIES		
Other payables and accruals	**15,599**	8,134
Due to subsidiaries	**1,023,135**	807,605
Bank borrowings	**1,149,522**	803,000
Income tax payables	**27,549**	27,549
Total current liabilities	**2,215,805**	1,646,288
NET CURRENT LIABILITIES	**(986,001)**	(389,526)
NON-CURRENT LIABILITIES		
Bank borrowings	**967,200**	692,649
Due to subsidiaries	**5,916,448**	5,128,175
Total non-current liabilities	**6,883,648**	5,820,824
Net assets	**616,499**	1,375,547
EQUITY		
Issued capital	**696,933**	696,933
Reserves (Note)	**(80,434)**	678,614
Total equity	**616,499**	1,375,547

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Share Premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Financial asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	1,762,147	423,880	164,113	(129,353)	(14,459)	(752,301)	1,454,027
Loss for the year	–	–	–	–	–	(786,912)	(786,912)
Other comprehensive loss for the year							
– Change in fair value of equity investment at fair value through other comprehensive income, net of income tax of nil	–	–	–	11,499	–	–	11,499
Total comprehensive loss for the year	–	–	–	11,499	–	(786,912)	(775,413)
At 31 December 2020 and 1 January 2021	**1,762,147**	**423,880**	**164,113**	**(117,854)**	**(14,459)**	**(1,539,213)**	**678,614**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(755,728)**	**(755,728)**
Other comprehensive loss for the year							
– Change in fair value of equity investment at fair value through other comprehensive income, net of income tax of nil	**–**	**–**	**–**	**(3,320)**	**–**	**–**	**(3,320)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(3,320)**	**–**	**(755,728)**	**(759,048)**
Transfer of share option reserve upon expiry of share options	**–**	**–**	**(4,356)**	**–**	**–**	**4,356**	**–**
Transfer of share option reserve upon forfeiture of share options	**–**	**–**	**(102,358)**	**–**	**–**	**102,358**	**–**
At 31 December 2021	**1,762,147**	**423,880**	**57,399**	**(121,174)**	**(14,459)**	**(2,188,227)**	**(80,434)**

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2022.

Particulars of Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Completed investment properties			
Level 1 on No. 89 Shenfei Road, Levels 1 and 2 on Nos. 59, 119, 159, 199, 239 Shenfei Road, and Levels 1 and 2 on Nos. 60, 90, 120, 160, 200 and 240 Shenya Road, Shanghai Wai Gao Qiao Logistics Centre, Shanghai City, the PRC#	Logistics Warehouse	Medium term lease	100%
Site 19, Third Avenue, Tianjin Airport Economic Area (International Logistics Zone), Tianjin City, the PRC#	Logistics warehouse	Medium term lease	100%
Metro Mall (excluding Units 63 to 65, Basement I) No. 63 Xihu Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC*	Shopping mall	Medium term lease	98.9%
A warehouse and surplus land located in Peng Jia Tai Community, Xiazhuang Street, Chengyang District, Qingdao City, Shandong Province, the PRC	Cold chain warehouse	Medium term lease	80%
Five warehouses, an ancillary building and various developing portions located at Nos. 555-563 Ji'an Road, Tong'an District, Xiamen City, Fujian Province, the PRC	Logistics warehouse	Medium term lease	80%
Land and buildings situated at Nos. 3 & 5 Bencao Avenue South Section, Meishan Economic Development New Zone, Shangyi Town, Meishan City, Sichuan Province, the PRC	Logistics warehouse	Medium term lease	60%

INVESTMENT PROPERTIES (Continued)

Location	Use	Tenure	Attributable interest of the Group
A warehouse located in Jin Ma Xian Dai Logistics Center, Jinma Avenue, Chengmai District, Haikou City, Hainan Province, the PRC	Logistics warehouse	Medium term lease	80%
Site F, Tianjin Airport International Logistics Zone, Tianjin City, the PRC#	Logistics warehouse	Medium term lease	100%
Five warehouses and ancillary facilities situated at Chengxiang Zhen High-tech Industry Park, Taicang City, Zhejiang Province, the PRC$^{\Delta}$	Industrial warehouse	Medium term lease	54.36%
No. 168 Jing Bin Avenue, Tianjin Port Free Trade Zone, Tianjin City, the PRC#	Logistics warehouse	Medium term lease	100%
Section No. 2012-3, Jiang Jia Shan, Kecheng District, Quzhou City, Zhejiang Province, the PRC	Logistics center	Medium term lease	100%
Section No. 2014-1, Jiang Jia Shan Kecheng District, Quzhou City Zhejiang Province, the PRC	Logistics center	Medium term lease	100%
Warehouses and various building structures located in Ke'erqin Er Wei and Qi Jiefang, Ke'erqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
Land Lot No. 2016-28, East of Wangguo Road and North of Guangqiong Road, Jiaxing City, Zhejiang Province, the PRC	Industrial warehouse	Medium term lease	54.36%

INVESTMENT PROPERTIES (Continued)

Location	Use	Tenure	Attributable interest of the Group
East of Wuyishan Road and North of Dongnan Avenue, Gaoxin High-tech Industries Development Area, Changshu City, Jiangsu Province, the PRC[Δ]	Industrial warehouse	Medium term lease	54.36%
Land Lot No. 2016-G-9, East of Guoxiang Avenue and North of Songrui Road, Wuzhong Economic Development Area, Suzhou City, the PRC[Δ]	Industrial warehouse	Medium term lease	54.36%
Land Lot No. 320517106901, North of Hengqi Road and West of Zhongliu Road, Chengxiang Zhen, Taicang City, Jiangsu Province, the PRC[Δ]	Logistics warehouse	Medium term lease	54.36%
Investment properties under construction			
Developing warehouses in South of China Railway 19th Bureau, East of Tongliao Hexi Inner Mongolia Autonomous Region Food Reserve, Ke'erqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
A warehouse and various building structures located in Qi Jiefang, Ke'erqin District, Tongliao City, the PRC	Logistics warehouse	Medium term lease	100%
Developing warehouses in the Jiaozhou Economic and Technological Development Zone, Qingdao City, Shandong Province, the PRC	Logistics warehouse	Medium term lease	100%
A healthcare property located in Holiday inn downtown Beijing, 98 Beilishi Road, Financial Street, Xichengqu, the PRC	Healthcare property	Long-term lease	100%

Particulars of Properties

BUILDING, WAREHOUSE AND LAND HELD FOR DEVELOPMENT

Location	Use	Tenure	Attributable interest of the Group
Marine Economic Area, Binhai New Area, Hangu District, Tianjin City, the PRC	Cold chain warehouse	Medium term lease	60%
An industrial park headquarters project located in Tianning Economic Development Zone in Changzhou City, Jiangsu Province, the PRC	Industrial park	Medium term lease	72.48%
256 land parcels located in Kampong Tralach District and Samaki Meanchey District, Kampong Chhnang Province, The Kingdom of Cambodia	Complex	Freehold	60%

* The 6th Floor of Metro Mall was classified as properties held for sale as at 31 December 2017 (note 22).

The properties were classified as held for sale as at 31 December 2020 (note 15).

Δ The properties were classified as held for sale as at 31 December 2021 (note 15).

Five Year Financial Summary

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published annual report and audited financial statements, is set out below:

RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**710,817**	688,365	692,657	480,705	335,025
Profit/(loss) before tax	**(256,408)**	31,968	(268,055)	316,529	298,687
Income tax	**(78,868)**	(133,259)	(149,044)	(216,329)	(3,103)
Profit/(loss) for the year	**(335,276)**	(101,291)	(417,099)	100,200	295,584
Attributable to:					
Shareholders of the Company	**(373,982)**	(270,634)	(504,191)	(23,677)	300,916
Non-controlling interests	**38,706**	169,343	87,092	123,877	(5,332)
	(335,276)	(101,291)	(417,099)	100,200	295,584

ASSETS, LIABILITIES AND TOTAL EQUITY

	At 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**22,022,530**	20,161,273	18,324,182	18,321,421	17,860,702
Total liabilities	**(16,370,843)**	(14,489,104)	(13,142,184)	(11,751,191)	(11,068,063)
NET ASSETS	**5,651,687**	5,672,169	5,181,998	6,570,230	6,792,639
Attributable to:					
Shareholders of the Company	**3,409,099**	3,488,258	3,210,134	3,930,578	4,419,323
Non-controlling interests	**2,242,588**	2,183,911	1,971,864	2,639,652	2,373,316
TOTAL EQUITY	**5,651,687**	5,672,169	5,181,998	6,570,230	6,792,639