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BEIJING CAPITAL GRAND LIMITED
首創鉅大有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "Board" or the "Directors") of Beijing Capital Grand Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020, together with comparative amounts for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	5	**1,024,035**	1,864,672
Cost of sales		**(678,218)**	(986,249)
Gross profit		**345,817**	878,423
Fair value gains on investment properties		**338,937**	56,095
Other gains – net	5	**2,562**	33,975
Other income	5	**45,860**	47,405
Selling and marketing expenses		**(157,669)**	(190,742)
Administrative expenses		**(303,779)**	(368,325)
Net impairment losses on financial and contract assets		**(5,197)**	–
Operating profit		**266,531**	456,831
Finance costs	7	**(462,514)**	(391,339)
Share of losses of investments accounted for using the equity method		**(2,450)**	(4,375)
(Loss)/profit before income tax		**(198,433)**	61,117
Income tax expenses	8	**(119,256)**	(284,169)
Loss for the year		**(317,689)**	(223,052)
Attributable to:			
– Owners of the Company		**(320,446)**	(223,539)
– Non-controlling interests		**2,757**	487
Losses per share attributable to owners of the Company during the year	10		
Basic losses per share (RMB)		**(0.13)**	(0.09)
Diluted losses per share (RMB)		**(0.13)**	(0.09)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loss for the year	**(317,689)**	(223,052)
Other comprehensive income/(loss) for the year		
Items that may be reclassified to profit or loss		
Cash flow hedges	**10,467**	(30,145)
Cost of hedging	**14,179**	32,559
	24,646	2,414
Total comprehensive loss for the year	**(293,043)**	(220,638)
Attributable to:		
– Owners of the Company	**(295,800)**	(221,125)
– Non-controlling interests	**2,757**	487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	As at 31 December 2020 RMB'000	31 December 2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**152,225**	31,438
Right-of-use assets		**21,091**	7,789
Long-term prepaid expenses		**115,028**	148,371
Investment properties		**13,657,289**	12,581,732
Intangible assets		**26,674**	17,291
Investments accounted for using the equity method		**273,119**	261,689
Deferred income tax assets		**34,936**	19,467
Derivative financial assets		**–**	1,058
Trade and other receivables	*11*	**47,564**	–
Total non-current assets		**14,327,926**	13,068,835
Current assets			
Inventories		**2,380,773**	1,807,646
Incremental costs of obtaining a contract		**7,349**	5,054
Trade and other receivables	*11*	**637,006**	623,313
Prepayments	*11*	**104,913**	126,262
Restricted cash		**14,345**	26,803
Cash and cash equivalents		**840,441**	2,151,926
Total current assets		**3,984,827**	4,741,004
Total assets		**18,312,753**	17,809,839
LIABILITIES			
Non-current liabilities			
Borrowings		**2,585,884**	2,629,696
Lease liabilities		**12,770**	–
Guaranteed notes	*12*	**–**	2,775,731
Other payables and accruals	*13*	**2,695,950**	2,691,900
Deferred income tax liabilities		**723,647**	617,927
Total non-current liabilities		**6,018,251**	8,715,254

		As at	
		31 December	31 December
		2020	2019
	Notes	***RMB'000***	*RMB'000*
LIABILITIES			
Current liabilities			
Trade payables	*14*	**2,066,591**	1,942,398
Other payables and accruals	*13*	**319,271**	362,936
Derivative financial liabilities		**166,805**	–
Contract liabilities		**215,639**	142,500
Borrowings		**1,718,552**	1,135,304
Lease liabilities		**6,821**	5,906
Guaranteed notes	*12*	**2,599,504**	–
Current income tax liabilities		**204,189**	215,368
Total current liabilities		**7,297,372**	3,804,412
Total liabilities		**13,315,623**	12,519,666
Net current (liabilities)/assets		**(3,312,545)**	936,592
Total assets less current liabilities		**11,015,381**	14,005,427
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**16,732**	16,732
Perpetual convertible bond securities		**945,572**	945,477
Reserves		**3,223,982**	3,199,336
Retained earnings		**756,911**	1,077,452
		4,943,197	5,238,997
Non-controlling interests		**53,933**	51,176
Total equity		**4,997,130**	5,290,173
Total equity and liabilities		**18,312,753**	17,809,839

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Beijing Capital Grand Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in commercial property development with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the People's Republic of China (the "PRC" or "Mainland China").

Upon the completion of the Issuance and the Conversion, BECL Investment Holding Limited ("BECL") held 72.94% of the Company's total issued share capital.

In the opinion of the directors of the Company, the immediate holding company of the Company is BECL. Beijing Capital Land Ltd. ("BCL", a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited) is an intermediate holding company of the Company. The ultimate holding company of the Company is Beijing Capital Group Ltd. ("Capital Group"), a state-owned enterprise registered in the PRC.

The outbreak of Coronavirus Disease 2019 ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of commercial property including rental revenue and occupancy rate of investment properties, fair value of investment properties, the construction and delivery of commercial properties, allowance for expected credit losses on trade and other receivables and so on. For the year ended 31 December 2020, COVID-19 has a temporary unfavourable impact on the revenue of the Group as certain rental and property management fee was exempted. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved and authorised for issue by the Board of Directors on 24 March 2021.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial liability, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

As at 31 December 2020, the current liabilities of the Group exceeded its current assets by approximately RMB3,313 million due to the reason that certain long-term borrowings/guaranteed notes will expire in the coming twelve months. Given the debt obligations and working capital requirements, management has thoroughly considered the Group's available sources of funds including, the Group's continuous net cash generated from operating and financing activities including but not limited to borrowings from certain financial institutions, cash of approximately RMB2,600 million from the issue of Assets-Backed Securitization which has been approved by Shenzhen Stock Exchange by issuing no-action letter on 8 February 2021 with a quotation not exceeding RMB3,268 million (Note 20), etc; undrawn short-term and long-term facilities available to the Group totalling RMB768 million as at 31 December 2020; and financial support from BCL.

Based on the above considerations, the directors of the Company are of the opinion that the Group has sufficient available financial resources to meet or refinance its working capital requirements as and when they all due. As a result, these financial statements have been prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework for Financial Reporting	

The adoption of amendments to HKAS 1, HKAS 8, HKFRS 3, HKFRS 9, HKAS 39 and HKFRS 7 did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

4. OPERATING SEGMENT INFORMATION

The members of the Board of Directors ("Directors") are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors for the purposes of allocating resources and assessing performance.

The Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation and sale of merchandise inventories. The segment of property development derives its revenue primarily from sale of completed properties. The segments of investment property development and operation derive their revenue primarily from rental income. The segment of sale of merchandise inventories derives its revenue primarily from sale of merchandise inventories. The revenue of sale of merchandise inventories has increased year by year, so it is separately disclosed and the comparative information has been restated accordingly.

These operations of other segments are excluded from the reportable operating segments, as these operations are not the key concern of the Directors. The results of these operations are included in the "All other segments".

The Directors assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Share of losses of investments accounted for using the equity method, interest income and finance costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude cash and cash equivalents, restricted cash, deferred income tax assets, amounts due from related parties, investments accounted for using the equity method and derivative financial assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, guaranteed notes, amounts due to related parties, deferred income tax liabilities, asset-backed securities scheme senior class and derivative financial liabilities, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

	Property development	**Investment property development and operation**	**Sale of merchandise inventories**	**All other segments**	**Total**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020							
Total revenue	**134,268**	**645,254**	**244,513**	**–**	**1,024,035**	**–**	**1,024,035**
Revenue (from external customers) *(i)*	**134,268**	**645,254**	**244,513**	**–**	**1,024,035**	**–**	**1,024,035**
Segment operating profit/(losses)	**19,897**	**314,616**	**17,425**	**(103,454)**	**248,484**	**(1,046)**	**247,438**
Depreciation and amortisation *(Note 6)*	**(2)**	**(71,641)**	**(3,048)**	**–**	**(74,691)**	**–**	**(74,691)**
Income tax expenses *(Note 8)*	**(16,524)**	**(94,683)**	**–**	**(8,049)**	**(119,256)**	**–**	**(119,256)**
Additions to non-current assets (other than investment, deferred income tax assets and derivative financial assets)	**19**	**952,161**	**13,585**	**–**	**965,765**	**–**	**965,765**
Year ended 31 December 2019							
Total revenue	1,069,667	621,976	174,431	–	1,866,074	–	1,866,074
Inter-segment revenue	–	(1,402)	–	–	(1,402)	–	(1,402)
Revenue (from external customers) *(i)*	1,069,667	620,574	174,431	–	1,864,672	–	1,864,672
Segment operating profit/(losses)	478,003	86,411	15,928	(146,238)	434,104	(888)	433,216
Depreciation and amortisation *(Note 6)*	–	(63,252)	(3,271)	(4)	(66,527)	–	(66,527)
Income tax expense *(Note 8)*	(258,479)	(5,005)	1,737	(22,422)	(284,169)	–	(284,169)
Additions to non-current assets (other than investment, deferred income tax assets and derivative financial assets)	196	1,886,171	2,389	–	1,888,756	–	1,888,756

(i) No revenue from contracts with customers is recognised over time in property development segment (2019: RMB8,448,000).

	Property development *RMB'000*	Investment property development and operation *RMB'000*	Sale of merchandise inventories *RMB'000*	All other segments *RMB'000*	Total *RMB'000*	Inter-company elimination *RMB'000*	Total *RMB'000*
As at 31 December 2020							
Total segment assets	**3,054,959**	**16,605,273**	**723,948**	**10,244,027**	**30,628,207**	**(13,549,311)**	**17,078,896**
Total segment liabilities	**(929,330)**	**(8,655,787)**	**(1,572,523)**	**(5,084,904)**	**(16,242,544)**	**13,549,311**	**(2,693,233)**
As at 31 December 2019							
Total segment assets	1,585,920	13,312,384	395,595	2,263,074	17,556,973	(2,279,210)	15,277,763
Total segment liabilities	(224,200)	(2,265,254)	(23,031)	(2,287,706)	(4,800,191)	2,279,210	(2,520,981)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Segment operating profit	**247,438**	433,216
Share of losses of investments accounted for using the equity method	**(2,450)**	(4,375)
Bank interest income *(Note 5)*	**19,093**	23,615
Finance costs *(Note 7)*	**(462,514)**	(391,339)
(Loss)/profit before income tax	**(198,433)**	61,117

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total segment assets	**17,078,896**	15,277,763
Cash and cash equivalents	**840,441**	2,151,926
Restricted cash	**14,345**	26,803
Deferred income tax assets	**34,936**	19,467
Investments accounted for using the equity method	**273,119**	261,689
Amounts due from related parties	**71,016**	71,133
Derivative financial assets	**–**	1,058
Total assets per consolidated statement of financial position	**18,312,753**	17,809,839
Total segment liabilities	**(2,693,233)**	(2,520,981)
Borrowings	**(4,304,436)**	(3,765,000)
Guaranteed notes *(note 12)*	**(2,612,936)**	(2,796,677)
Amounts due to related parties	**(118,225)**	(118,242)
Deferred income tax liabilities	**(723,647)**	(617,927)
Senior class asset-backed securities scheme	**(2,696,341)**	(2,700,839)
Derivative financial liabilities	**(166,805)**	–
Total liabilities per consolidated statement of financial position	**(13,315,623)**	(12,519,666)

Assets and liabilities related to contracts with customers:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Sales commission for properties	**7,349**	5,054
Total incremental costs of obtaining a contract	**7,349**	5,054
Advances from sales of properties	**181,961**	117,100
Advances from rental of properties	**14,876**	16,653
Others	**18,802**	8,747
Total contract liabilities	**215,639**	142,500

The Company is incorporated in Cayman Islands, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2020 and 2019.

As at 31 December 2020, total non-current assets other than deferred income tax assets located in the PRC is RMB14,292,990,000 (2019: RMB13,049,368,000), none of these non-current assets is located in Hong Kong (2019: none of these non-current assets is located in Hong Kong).

For the years ended 31 December 2020 and 2019, the Group does not have any single customer with revenue over 10% of the revenue from external customers.

For the year ended 31 December 2020, revenue of RMB135,909,000 (31 December 2019: RMB993,530,000) was included in the contract liabilities balance at the beginning of the year.

5. REVENUE, OTHER GAINS – NET AND OTHER INCOME

An analysis of revenue, other gains – net and other income is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue		
Rental revenue of investment properties	**645,254**	620,574
Sale of goods	**244,513**	174,431
Sale of properties	**134,268**	1,069,667
	1,024,035	1,864,672
Other gains – net		
Government grants	**1,485**	25,500
Foreign exchange gains – net	**92**	2,094
Tax relief	**–**	3,014
Others	**985**	3,367
	2,562	33,975
Other income		
Bank interest income	**19,093**	23,615
Others	**26,767**	23,790
	45,860	47,405

For the year ended 31 December 2020, affected by the outbreak of COVID-19, the Group has implemented reductions in rental and property management fees, etc.. The management recorded the reductions directly in the consolidated statement of profit or loss, the amount is approximately RMB56,466,000.

6. EXPENSES BY NATURE

	Year ended 31 December 2020 *RMB'000*	2019 *RMB'000*
Cost of properties sold	**84,547**	522,102
Cost of goods sold	**216,844**	150,722
Property management fee	**225,353**	182,044
Depreciation charge of right-of-use assets	**8,141**	8,234
Depreciation and amortisation	**74,691**	66,527
Employee benefit expenses	**211,367**	277,014
– *Wages, salaries and staff welfare*	**177,120**	222,301
– *Pension scheme contributions*	**3,232**	22,471
– *Other allowance and benefits*	**31,015**	32,242

7. FINANCE COSTS

	Year ended 31 December 2020 *RMB'000*	2019 *RMB'000*
Interest expense on bank and other financial institution borrowings	**259,484**	321,603
Interest expense on senior class asset-backed securities scheme	**140,699**	8,939
Interest expense on lease liabilities	**166**	525
Net fair value loss on derivative financial instruments		
Reclassified from cash flow hedge reserve	**60,105**	15,902
Reclassified from costs of hedging reserves	**1,465**	1,461
Ineffectiveness of cash flow hedges	**10,133**	8,950
Interest expense on guaranteed notes	**102,497**	146,550
Others	**–**	6,479
Less: interests capitalised	**(112,035)**	(119,070)
	462,514	391,339

For the year ended 31 December 2020, the capitalisation rate is 5.72% (year ended 31 December 2019: 5.86%), and the finance costs are mainly capitalised into investment properties and properties under development.

8. INCOME TAX EXPENSES

Hong Kong corporate are mainly subject to Hong Kong profits tax rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the year (year ended 31 December 2019: Nil).

PRC enterprise income tax has been provided at the rate of 25% (year ended 31 December 2019: 25%) on the taxable profits of the Group's PRC subsidiaries during the year.

The implementation and settlement of PRC land appreciation tax ("LAT") varies among various cities in the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, which is based on the estimated proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax:		
— PRC corporate income tax	**21,596**	95,930
— PRC land appreciation tax	**7,409**	176,180
Deferred income tax	**90,251**	12,059
Total tax charges for the year	**119,256**	284,169

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2020 (year ended 31 December 2019: Nil).

10. LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted losses per share amount for the year ended 31 December 2020 is based on the loss for the year attributable to owners of the Company of RMB320,446,000 (year ended 31 December 2019: RMB223,539,000), the weighted average number of ordinary shares of 961,538,462 (year ended 31 December 2019: 961,538,462), the weighted average number of convertible preference shares of the Company ("CPS") of 1,072,928,106 (year ended 31 December 2019: 1,072,928,106) and the weighted average number of shares of 513,185,911 (year ended 31 December 2019: 513,185,911) into which the Company issued perpetual convertible bonds securities ("PCBS") may be converted, in issue during the year.

The calculations of basic and diluted losses per share are based on:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the parent used in the basic and diluted losses per share calculation	**(320,446)**	(223,539)
	Shares	*Shares*
Weighted average number of ordinary shares	**961,538,462**	961,538,462
Weighted average number of CPS	**1,072,928,106**	1,072,928,106
Weighted average number of shares into which the PCBS may be converted	**513,185,911**	513,185,911
Weighted average number of shares for basic and diluted losses per share	**2,547,652,479**	2,547,652,479

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**65,432**	52,945
Prepayments to related parties	**5,024**	6,973
Prepayments of merchandise inventories	**93,102**	118,138
Other prepayments	**6,787**	1,151
Input value added tax to be deducted and prepaid other tax	**388,555**	319,373
Other deposits	**22,150**	22,784
Other receivables due from related parties	**3,368**	3,366
Amounts due from related parties	**71,016**	71,133
Receivables from government repurchase of land use rights	**69,931**	74,365
Other receivables	**69,315**	79,347
Less: provision for impairment of other receivables	**(5,197)**	–
	789,483	749,575
less: non-current portion		
– Input value added tax to be deducted	**(42,140)**	–
– Other deposits	**(5,424)**	–
Current portion	**741,919**	749,575

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables. The loss allowance increased by a further 0 to RMB5,197,000 for other receivables and none for trade receivables.

Trade receivables mainly arise from rental revenue of investment properties. Lessees are generally granted credit terms of 1 to 3 months. An aging analysis of the Group's trade receivables based on invoice date as at the end of the reporting period is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**65,432**	52,945

As at 31 December 2020, included in the trade receivables are balances of RMB6,003,000 (31 December 2019: RMB3,088,000) due from related parties which are receivable within 3 months and represented credit terms similar to those offered to other major customers.

12. GUARANTEED NOTES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
As at 1 January	**2,796,677**	2,759,458
Interest expenses	**102,497**	146,550
Interest paid	**(104,038)**	(143,779)
Exchange rate effect on guaranteed notes	**(182,200)**	34,448
	2,612,936	2,796,677
Accrued interests for guaranteed notes, classified as other payables under current liabilities	**(13,432)**	(20,946)
Less: amounts due within one year	**(2,599,504)**	–
Non-current portion	**–**	2,775,731

On 2 August 2018, Trade Horizon Global Limited ("Trade Horizon"), a wholly-owned subsidiary of the Company, issued floating rate guaranteed notes (the "Notes") amounted to US$400,000,000, which is due on 2 August 2021. The Notes bear interest from 2 August 2018, payable quarterly in arrears on 2 February, 2 May, 2 August and 2 November in each year, until 2 August 2021.

13. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other tax payables	**33,974**	35,042
Employee benefit payable	**1,584**	29,603
Other payables and accruals due to related parties	**8,153**	10,820
Amounts due to related parties	**118,225**	118,242
Accrued interests for guaranteed notes	**13,432**	20,946
Accrued interest for bank and other financial institution borrowings	**6,303**	5,185
Accrued interest for senior class asset-backed securities scheme	**391**	8,939
Senior class asset-backed securities scheme *(i)*	**2,695,950**	2,691,900
Deposits	**116,581**	107,016
Collect and remit payment on behalf	**4,976**	14,331
Others	**15,652**	12,812
	3,015,221	3,054,836
Less: non-current portion		
– Senior class asset-backed securities scheme *(i)*	**(2,695,950)**	(2,691,900)
Current portion	**319,271**	362,936

The financial liabilities included in the above balances excluding senior class asset-backed securities scheme are non-interest-bearing and normally settled on demand.

(i) On 9 December 2019, the Group non-publicly issued an asset-backed securities scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme. The issuance of the asset-backed securities scheme was for the purpose of securitizing the Properties held by the Group, namely the Fangshan Capital Outlets and the Kunshan Capital Outlets, and raising funds for the operation and development of the businesses of the Group.

The total issuance of the scheme was RMB3,579,000,000, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a maturity term of five years, all of which were subscribed by qualified investors (which were Third Parties) and will be listed and tradeable on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a maturity term of five years, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd. ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. It will be treated as equity investment of Hengsheng Huachuang from an accounting perspective and offset in the consolidated financial statements of the Group.

As at 31 December 2020, the amortised cost of the Group's senior class asset-backed securities scheme was approximately RMB2,696,341,000 (31 December 2019: RMB2,700,839,000), including the current portion of RMB391,000 (31 December 2019: RMB8,939,000) and the non-current portion of RMB2,695,950,000 (31 December 2019: RMB2,691,900,000).

14. TRADE PAYABLES

An aging analysis of the Group's trade payables based on invoice date as at the end of the reporting period, is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,872,154**	1,803,504
1 to 2 years	**171,191**	138,894
2 to 3 years	**23,246**	–
	2,066,591	1,942,398

As at 31 December 2020, included in the trade payables are balances of RMB8,266,000 (31 December 2019: RMB526,000) due to related parties which are repayable within 1 year subjected to credit terms similar to those offered by the related parties to its other major customers.

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

15. SHARE CAPITAL

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares		
20,000,000,000 (31 December 2019: 20,000,000,000) ordinary shares of HK$0.01 each	**160,009**	160,009
Class A CPS *(Note 16)*		
738,130,482 (31 December 2019: 738,130,482) CPS of HK$0.01 each	**5,875**	5,875
Class B CPS		
905,951,470 (31 December 2019: 905,951,470) CPS of HK$0.01 each	**7,575**	7,575
	173,459	173,459
Issued and fully paid:		
Ordinary shares		
961,538,462 (31 December 2019: 961,538,462) ordinary shares of HK$0.01 each	**7,828**	7,828
Class A CPS *(Note 16)*		
166,976,636 (31 December 2019: 166,976,636) CPS of HK$0.01 each	**1,329**	1,329
Class B CPS		
905,951,470 (31 December 2019: 905,951,470) CPS of HK$0.01 each	**7,575**	7,575
	16,732	16,732

16. CPS

Class A CPS

The class A CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 22 January 2015. Upon the completion date of the business combination of Xi'an Capital Xin Kai Real Estate Ltd. on 22 January 2015, the Company issued 738,130,482 class A CPS (which are convertible into 738,130,482 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.66 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class A CPS), resulting in credits to share capital of approximately RMB5,875,000 (equivalent to approximately HK$7,381,000) with par value of HK$0.01 each and share premium of RMB1,556,817,000 (equivalent to approximately HK$1,956,046,000) respectively.

Class B CPS

The class B CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 14 December 2016. Upon the completion date of the business combination of Beijing Chuangxin Jianye Real Estate Investment Ltd. and Zhejiang Outlets on 14 December 2016, the Company issued 905,951,470 class B CPS (which are convertible into 905,951,470 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.78 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class B CPS), resulting in credits to share capital of approximately RMB7,575,000 (equivalent to approximately HK$9,060,000) with par value of HK$0.01 each and share premium of RMB2,098,232,000 (equivalent to approximately HK$2,509,485,000) respectively.

The above mentioned CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares at the conversion ratio of one CPS for one ordinary share. Holders of the CPS will have the right to convert all or such number of CPS into the new ordinary shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each class B CPS shall confer on its holder the right to receive a preferred distribution ("Preferred Distribution") from the date of the issue of class B CPS at a rate of 0.01% per annum on the issue price, payable annually in arrears. Each Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution.

Besides, each class A and class B CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each CPS may be converted on an as converted basis.

17. PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK$657,594,260 to Smart Win Group Limited ("Smart Win") and in the principal amounts of HK$420,096,153 to KKR CG Judo Outlets ("KKR") respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity, and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

The holder(s) of the PCBS are entitled to receive interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon. The Company shall not pay any dividends, distributions or make any other payment on the ordinary shares, class A CPS and class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the class B CPS at a rate which shall not exceed the rate of interest) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

As at 31 December 2020, the Group has accrued interest amounting to RMB375,000 (31 December 2019: RMB280,000).

18. COMMITMENTS

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**86,981**	142,096
Investment properties	**476,489**	415,591
	563,470	557,687

19. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Mortgage facilities for certain purchasers of the Group's properties	**1,008,045**	1,163,279

As at 31 December 2020, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage repayments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

20. SUBSEQUENT EVENTS AFTER THE REPORTING PEROID

On 8 February 2021, the Group obtained no-action letter (深證函2021第105號) from Shenzhen Stock Exchange with the approval of issuing Assets-Backed Securitization with a quotation not exceeding RMB3,268 million. The no-action letter will be expired after twelve months since the date of this no-action letter issuance.

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year (year ended 31 December 2019: Nil).

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on or about 7 May 2021 and the notice of 2020 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review of Outlets

Looking back on 2020, the overall macro economy in the first half of the year was significantly affected by the COVID-19 epidemic, the global economy fell into a severe recession, and the external international situation was complex and severe; with the effective control of the epidemic in the second half of the year, the resumption of work and production in all industries has accelerated, the living order of residents has gradually recovered, and the consumption has recovered. Supported by the multiple stimulus policies of the government and enterprises to activate market and promote consumption, the total retail sales of consumer goods have gradually recovered. The total retail sales of consumer goods for the year amounted to approximately RMB39.2 trillion, representing a year-on-year decrease of 3.9%; the total retail sales of consumer goods in December increased by 4.6% year-on-year, representing a steadily increasing year-on-year growth. China has become the only country among the major economies to achieve positive growth in 2020, demonstrating the strong resilience of the Chinese economy.

The COVID-19 epidemic outbroken in early 2020 also had a huge impact on the retail industry, causing a significant drop in customer traffic and revenue of the physical retail industry in the short term, the retail enterprises have been under huge financial pressure. Therefore, creating a refined management and operation capability that integrate consumers, supply chains, and experiencing scenes, accelerating the digital transformation and upgrading and online & offline omni-channel layout, and realizing the transformation from passive demand satisfaction to proactive demand creation has become the only way for retail enterprises to break the situation. In the long run, under the new situation of normalization of the epidemic, consumer confidence has gradually regained and physical retail has recovered, however, the overall growth trend of the industry has not changed. In 2020, assisted by factors such as the return of domestic consumption, upgrading of customer consumption demand and increase in brand awareness, domestic outlets quickly emerged from the shadow of the epidemic, and the scale of the industry has grown steadily, fully reflecting the advantages of countercyclical attributes of the industry. The leading outlets operators have continued to increase their consumer market layout in the second-tier cities and build their retail matrix, in terms of offline, they deepen brand IP concept and optimize the supplier structure and brand format of physical stores, to cater to the new trends of consumer demand classification, consumer brand localization and healthy shopping concept, and provide consumers with cross-scene reach, conversion, repurchase and comprehensive services, to create a full-process outlets shopping experience with unique characteristics; in terms of online, they attach great importance to the cultivation and operation of various social groups, refine the needs of members, expand and accumulate consumer bases through the precise analysis combined with big data, and continue to gather new growth momentum.

Business Review

Accelerate Recovery by Active Responding

— During the period, with the newly added Kunming project, the Group has accumulated 13 projects in operation, and the layout and number of operating projects ranks first in the industry. Under the pressure of the epidemic, the Group actively responded and adopted various self-rescue measures, our sales gradually returned to normal; in the second half of the year, all projects achieved growth in both customer traffic and sales; and the Group recorded an annual sales of approximately RMB7.4 billion and a customer traffic of 38.10 million

— Insists on epidemic prevention and control and assume social responsibility. During the period, the Group calmly responded to the new management and control requirements under the repeated epidemic situation, implemented the government's new deployment for prevention and control, established a proprietary control policy, to ensure all employees and tenants resume work and production in an orderly manner; at the same time, the Group actively responded to the government's call to help communities prevent epidemics, protect the needs of local residents, and actively assumed corporate social responsibilities

— On 19 December 2020, Kunming Capital Outlets officially opened for business, achieving a customer traffic flow more than 80,000 visits, a sales nearly RMB20 million, and a 80% of member consumption rate on the first operating day

Gather Energy to Break the Situation by Overcoming Difficulties

— Comply with the new normal of the epidemic and make innovations to promote sales. The Group accurately captured the new consumption trends under the normalization of the epidemic, effectively integrated online and offline marketing channel resources, and created a traffic platform using a win-win thinking. The Group also effectively increased the sales and customer traffic and promoted the overall operation recovery of the projects by focusing on four major marketing systems, strengthening centralized holiday operation, enhancing off-season marketing, innovating community operation, empowering multi-dimensional IP, activating member potential and increasing contribution and repurchase rate of single customer. Among which, the twelve shopping malls across the country achieved a sales of RMB800 million and a customer traffic flow of 2.3 million visits in 8 days in the "Eight-day Happy Shopping in Twelve Capital Outlets Malls during National Day Holiday" (首創奧萊12城，嗨購國慶8天樂), representing a substantial increase from month on month

— Accurately implement strategies to improve cost efficiency, upgrade brand and expand advantages. The Group has paid close attention to market changes, reduced tenant attraction costs by diversified policies, reduced the number of decoration subsidy brands by fully leveraging the Group's advantages in centralized procurement, and realized resource sharing and marketing costs saving effectively by strengthening cross-industry cooperation. The Group has also accelerated the progress of brand adjustment and upgrading, deepened the good cooperative relationship with tenants, obtained the maximum resource support, upgraded the level of brand stores, and guaranteed the price and product advantages. Among which, Beijing Fangshan Outlets actively communicated with the brands to strive for goods and event resources, and held more than 20 exclusive events of "Brand Days and Internal Purchases" throughout the year, achieving a sales more than RMB30 million

— Implement strategic synergy to expand advantages, and seek development together by helping those left behind. The Group gave full play to the role of the ballast of its advantageous projects, created new high-quality shopping and experiencing scenes with the advantageous brand resources of old projects and mature marketing methods, to improve the efficiency of customers' consumption decision-making, and gradually improve customer loyalty and brand awareness

Accelerate Transformation by Optimizing Iteration

— Fully promote digitalization and activate the value of digital assets. The Group continued to deepen its cooperation with Alibaba Cloud, and strived to improve its big data application capabilities, and gradually improve the ability that can be checked, compared and analyzed using data middle platform in member labeling, closed-loop marketing and operation and finance indexing, to serve business development. The Group gradually improved its efficient traffic attracting ability by business middle platform and its omni-channel operation capabilities, so that information can reach consumers more effectively, allowing limited customer traffic to release greater consumption power, and supporting rapid, efficient and flexible business development

— Integrate the membership management system and explore the potential of membership consumption. The Group has restructured the membership index system, effectively integrated various membership and rights, strengthened member feedback activities, enhanced member awareness and perception of rights while consolidating member loyalty, to ensure member consumption experience. Among which, in the event of "Going Home for Reunion in Mid-Autumn Season" (中秋團圓季、會員回家嘍), we absorbed 30,000 new members in a single day, and membership sales in Huzhou Capital Outlets and Hangzhou Capital Outlets increased 8 times and 5 times year-on-year, respectively

Continuously Enhance the Brand Influence of "Capital Outlets" by Facing against Adversity and Striving for Stability

— During the period, the Group actively responded to the challenge of the epidemic, accurately grasped the industry trend, refined the project operation capabilities, and innovated marketing and services. The Group also organized multiple festival-linked marketing, unified the main vision and theme of the events, and held activities such as "Watermelon Carnival" (西瓜嘉年華), "National Tide Music Festival" (國潮風尚音樂節) and "All-Nation Gathered Carnival" (萬國薈萃嘉年華). The Group continued to deepen the IP-based centralized operation of the New Silk Road, created the large-scale chain scene marketing activities unique to Capital Outlets, achieving a two-way increase in sales and customer traffic

— During the period, with years of professional operation and management experience and good market reputation, the Group won 19 major awards including "China Outlets Innovative Marketing Award" (中國奧萊創新營銷獎) at the "Seventh Development Forum of China Outlets Industry and 2019 China Outlets Awarding Ceremony" (第七屆中國奧特萊斯產業發展論壇暨2019年度中國奧萊頒獎盛典)

— Beijing Capital Outlets won the "2019–2020 New Era Commercial Brand Model Award" (2019–2020新時代商業品牌典範大獎) by China General Chamber of Commerce (中國商業聯合會)

— Wuhan Capital Outlets won the "Golden Lily Best Marketing Practice Five-star Case Award for Shopping Malls" (金百合購物中心行銷最佳實踐五星案例) by China Chain Store & Franchise Association (CCFA)

— In November 2020, the Group was selected as the "Top 100 Commercial Property of China" (中國商業地產TOP100) for the fifth consecutive year with its rapid response, innovative marketing, lean operation strategies, excellent digital practice level and full recovery of operating performance during the epidemic period

Future Development and Prospects

Looking into 2021, due to scientific coordination of epidemic prevention and control and economic and social development, the successful results of epidemic prevention and control will be further consolidated, the industrial chain and supply chain will be further stabilized, and the economic and social activities and residents' consumption of goods and services will be fully restored to normal levels. As the cornerstone of sustained economic growth, consumption is an important link in maintaining economic vitality. How to tap the potential of domestic demand, especially consumer demand and build a new development pattern with domestic circulation as the main body and mutual promotion of both domestic and international circulations will become an important issue for the Chinese government in the coming year. The epidemic will have a profound impact on the overall retail market environment and consumer perceptions. As the epidemic is forcing the retail industry to accelerate innovation, a series of new business formats and models derived from the concept of consumption classification and healthy shopping will become a new momentum for the growth of the retail industry. Outlets will rely on open and prolific business format portfolio, family-oriented experiencing consumption, and brand content construction that meets middle-class consumption trends and social needs, to promote the continuous growth of domestic demand in China.

Next year, the Group will re-construct the value chain of people, goods and malls by firmly grasping the new features of core customer groups, new trends in brand upgrades and new changes in consumer market, and build a new operation mode of product portfolio, brand formats and marketing scenes by focusing on the new characteristics of healthy and rational consumption of the middle class; accelerate the omni-channel construction, attach importance to the cultivation of various brands and various social groups, refine big data and digital operations, understand the needs of customer groups, to improve end-to-end traffic attracting capability, and form rapid growth of social groups; continue to optimize the supplier structure and business layout, deepen the brand content matrix, create strong categories, and improve retail quality; create a unique experiencing outlets integrating shopping, tourism, life, entertainment and social interaction combining the situational interactive experience and the open shopping space experience of the projects, aiming to achieve a win-win situation with suppliers, employees and consumers. We will also continue to improve the Company's overall competitiveness, continue to consolidate and enhance the connotation of the "largest comprehensive outlets operator in China", to create maximum value for our shareholders.

Financial Review

1. Revenue and Operating Results

In 2020, the revenue of the Group was approximately RMB1,024,035,000 (2019: RMB1,864,672,000), representing a decrease of 45% as compared to that of 2019. The decrease in revenue was mainly attributable to the delivery of carry-forward revenue from saleable properties of outlets represented by Jinan Outlets in 2019 while there were less saleable properties that can carry forward revenue by the Group in 2020, and a significant decrease in property sales revenue as compared with that of 2019.

In 2020, the gross profit margin of the Group was approximately 34%, representing a decrease of 13 percentage points from 47% in 2019. Lower gross profit margin was mainly attributable to the decrease in revenue from saleable properties with higher gross profit, which led to a decline in overall gross profit margin.

In 2020, the operating profit of the Group was approximately RMB266,531,000 (2019: RMB456,831,000), representing a decrease of 42% as compared to that of 2019. Such decrease was mainly attributed to the decline of revenue.

In 2020, the Group's loss for the year was approximately RMB317,689,000 (2019: RMB223,052,000), representing an increase of 42% as compared to that of 2019. Such increase in loss was mainly attributable to: (i) a decrease in the Group's saleable properties in 2020, resulting in a decrease in operating profit; and (ii) an increase in the weighted average finance amount and increase in the total interest expense in 2020, resulting in an increase in finance cost.

2. Liquidity and Financial Resources

As at 31 December 2020, the Group's cash and cash equivalents and restricted cash totaled approximately RMB854,786,000 (31 December 2019: approximately RMB2,178,729,000), of which approximately RMB852,021,000 (31 December 2019: approximately RMB2,162,610,000), approximately RMB946,000 (31 December 2019: approximately RMB1,141,000) and approximately RMB1,819,000 (31 December 2019: approximately RMB14,978,000) were denominated in RMB, Hong Kong Dollar ("HK$") and US Dollar ("US$"), respectively. The majority of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 31 December 2020, the Group's current ratio was 0.55 (31 December 2019: 1.25).

As at 31 December 2020, the Group's net gearing ratio was 176% (31 December 2019: 134%), based on the division of net debt by total equity. Net debt includes total bank and other borrowings, guaranteed notes (including current and non-current portions) and the senior class asset-backed securitization scheme (including current and non-current portions) and lease liabilities less cash and cash equivalents and restricted cash. The change of net gearing ratio was primarily due to the increase in net debt of the Group in 2020.

3. Changes in Major Subsidiaries and Major Non-Controlling Interests

The Group had no changes in major subsidiaries and major non-controlling interests during the year.

4. Borrowings, Guaranteed Notes and Asset Backed Securitization Scheme

As at 31 December 2020, the Group's borrowings from banks, related parties and other financing institutions were approximately RMB4,304,436,000 (31 December 2019: approximately RMB3,765,000,000). The borrowings from bank of approximately RMB1,034,800,000 (31 December 2019: approximately RMB610,000,000) were secured by the land use rights and the buildings and guaranteed by Beijing Capital Land Ltd. ("BCL") or the Group. The borrowings from bank of approximately RMB604,696,000 (31 December 2019: approximately RMB655,000,000) were secured by the land use rights and guaranteed by BCL. The borrowings from bank and related parties of approximately RMB164,940,000 (31 December 2019: Nil) were credit borrowings. The borrowings from other financial institutions of approximately RMB2,500,000,000 (31 December 2019: approximately RMB2,500,000,000) were guaranteed by BCL.

As at 31 December 2020, the amortised cost of the Group's guaranteed notes (the "Notes") was approximately RMB2,612,936,000 (31 December 2019: RMB2,796,677,000), including the current portion of RMB2,612,936,000 (31 December 2019: RMB20,946,000) and the non-current portion of RMB Nil (31 December 2019: RMB2,775,731,000). The three-year floating-rate guaranteed notes with a nominal value of US$400,000,000 were listed for trading in August 2018. The details of the Notes are set out in the announcements dated 27 July 2018 and 2 August 2018.

On 9 December 2019, the Group non-publicly issued an asset-backed securitization scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme* (中聯一創—首創鉅大奧特萊斯一號第一期資產支持專項計劃). The issuance of the asset-backed securitization scheme was for the purpose of securitizing the properties held by the Group, namely the Fangshan Capital Outlets and the Kunshan Capital Outlets, and raising funds for the operation and development of the businesses of the Group. The total issuance of the scheme was RMB3,579,000,000, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a maturity term of five years, all of which were subscribed by qualified third party investors, and listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange (the "Listing"); and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a maturity term of five years, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd (珠海橫琴恒盛華創商業管理有限公司) ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. It was treated as equity investment of Hengsheng Huachuang from an accounting perspective and offset in the consolidated financial statements of the Group. As at 31 December 2020, the amortised cost of the Group's Senior Class ABS was approximately RMB2,696,341,000 (31 December 2019: RMB2,700,839,000), including the current portion of RMB391,000 (31 December 2019: RMB8,939,000) and the non-current portion of RMB2,695,950,000 (31 December 2019: RMB2,691,900,000).

5. *Foreign Exchange Exposure*

Major subsidiaries of the Company operate in the PRC and most of the transactions are denominated in RMB. In August 2018, the Group issued guaranteed notes with a face value of US$400,000,000. Accordingly, the Group has entered into a structured cross swap agreement to manage the risk of US$ exchange rate fluctuations. In addition, certain of the Group's monetary assets and liabilities are denominated in HK$ and US$, the amount of which is not significant. Hence, it is expected that exchange rate fluctuations will have no significant impact on the finance of the Group.

6. *Financial Guarantees*

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of properties. As at 31 December 2020, the financial guarantees amounted to approximately RMB1,008,045,000 (31 December 2019: RMB1,163,279,000).

7. *Capital Commitments*

As at 31 December 2020, the Group had capital commitments relating to the development properties under construction of approximately RMB86,981,000 (31 December 2019: RMB142,096,000), and had capital commitments relating to the investment properties under construction of approximately RMB476,489,000 (31 December 2019: RMB415,591,000).

Cost of Employees and Remuneration Policy

As at 31 December 2020, the Group had 1,234 employees (as of 31 December 2019: 1,297). The remuneration policy and package of the Group's employees are structured in accordance to market conditions, the performance, educational background and experience of individual employees as well as statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme, housing provident fund and share options to motivate and reward employees at all levels to meet the Group's business performance targets.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company, comprising Dr. Ngai Wai Fung as chairman as well as Ms. Zhao Yuhong and Mr. He Xiaofeng as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICE AND CODE

The Board and the management of the Company are committed to establishing and maintaining good corporate governance standards, a robust internal control mechanism and effective risk management. They are convinced that sound corporate governance is the cornerstone for the Company's long-term success and can establish a framework for effective management, superior corporate culture, successful business development and shareholder value. At the same time, the Board also actively improves transparency and accountability to all shareholders.

For the year ended 31 December 2020, the Company complied with the requirements under the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules, except for the deviation from Code Provision E.1.2 of the CG Code that the chairman of the board should attend the annual general meetings of the company. The Chairman of the Board was unable to attend the 2019 annual general meeting due to an outbreak of a COVID-19 pandemic.

BOARD COMPOSITION

As at the date of this announcement, Mr. Zhong Beichen is the chairman of the Board and executive director; Mr. Feng Yujian is the chief executive officer and executive director; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Yang, Paul Chunyao are the non-executive directors and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng are the independent non-executive directors.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.bcgrand.com). The annual report of the Company for the year ended 31 December 2020 containing all information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Beijing Capital Grand Limited
Lee Sze Wai
Company Secretary

Hong Kong, 24 March 2021

As at the date of this announcement, the Board comprises Mr. Zhong Beichen (Chairman) and Mr. Feng Yujian (Chief Executive Officer) as executive Directors; Mr. Wang Hao, Ms. Qin Yi, Mr. Zhou Yue and Mr. Yang, Paul Chunyao as non-executive Directors; and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive Directors.