



INTERIM REPORT 2020



Road King Infrastructure Limited

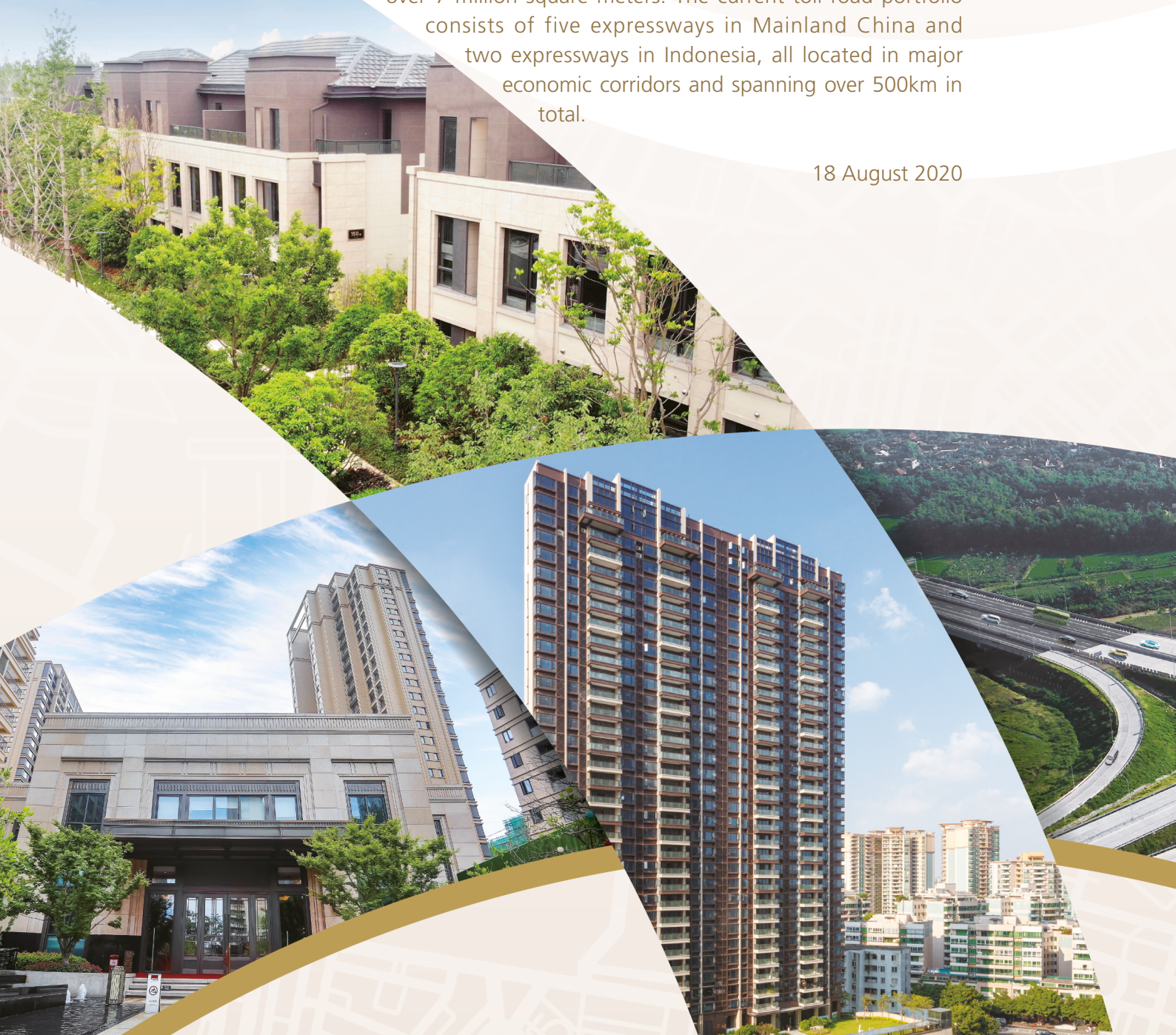
(Incorporated in Bermuda with limited liability)
(Stock Code : 1098)

CORPORATE PROFILE

ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 25 years of experience in the industry. The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Chinese and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta, Bohai Rim regions and Greater Bay Area, comprising a land reserve over 7 million square meters. The current toll road portfolio consists of five expressways in Mainland China and two expressways in Indonesia, all located in major economic corridors and spanning over 500km in total.

18 August 2020






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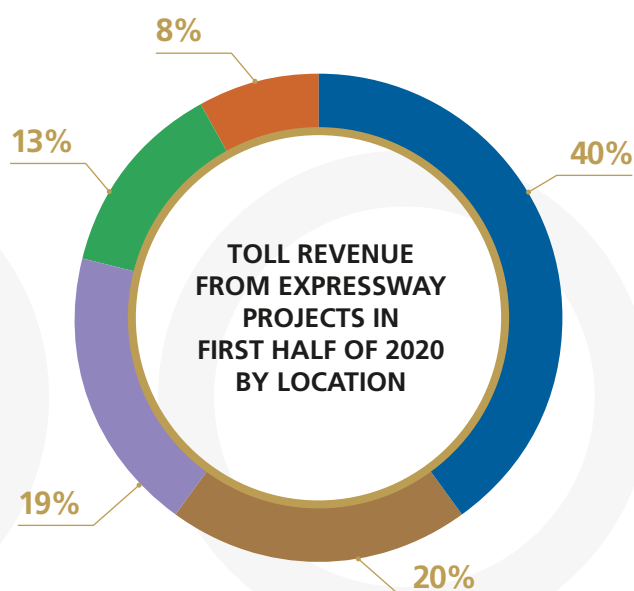
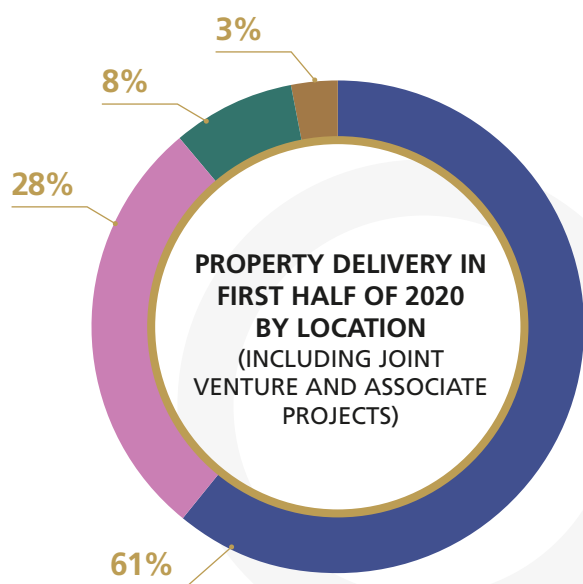
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FINANCIAL HIGHLIGHTS

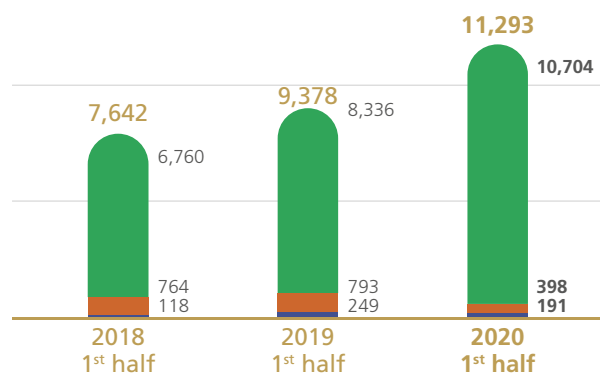
(HK\$'million)	For the six months ended			For the year ended	
	2020	2019	2018	2019	2018
Revenue of the Group	8,184	6,856	5,722	21,495	22,365
Group's share of revenue of joint ventures and associates	3,109	2,522	1,920	9,673	4,624
Revenue of the Group and Group's share of revenue of joint ventures and associates	11,293	9,378	7,642	31,168	26,989
Cash received from toll road projects (including the repayment of shareholders' loans)	19	264	374	689	827
Profit for the period/year	792	1,200	1,160	3,677	3,699
Profit attributable to owners of the Company	430	868	808	3,028	2,988
Equity attributable to owners of the Company	18,325	17,624	15,701	18,866	17,398
Total assets	94,805	84,060	77,155	90,683	78,952
Bank balances and cash	14,983	13,917	9,976	14,451	11,793
Basic earnings per share (HK\$)	0.57	1.16	1.08	4.04	3.99
Dividend per share (HK\$)	0.20	0.30	0.30	1.18	1.18
Net assets per share attributable to owners of the Company (HK\$)	24.45	23.52	20.95	25.18	23.22
Net gearing ratio (%)	67	52	49	52	35



- Yangtze River Delta Region
- Guangdong - Hong Kong - Macao Bay Area
- Hebei Province
- Shanxi Province
- Bohai Rim Region
- Other Regions
- Hunan Province
- Anhui Province
- Indonesia

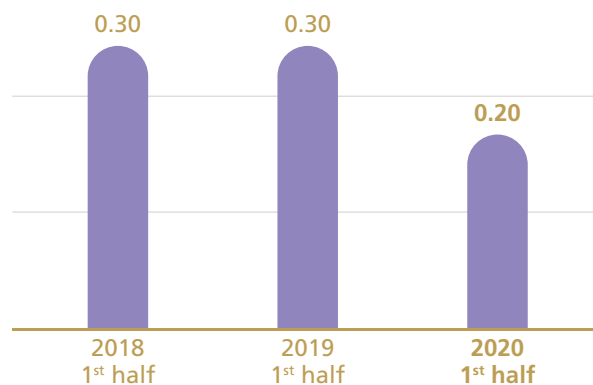
FINANCIAL HIGHLIGHTS *(continued)*

REVENUE (INCLUDING SHARE OF REVENUE OF JOINT VENTURES AND ASSOCIATES) (HK\$'million)

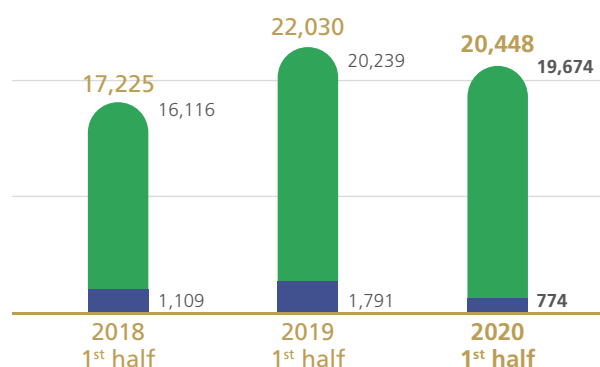


- Property Segment
- Toll Road Segment
- Investment and Asset Management Segment

DIVIDEND PER SHARE (HK\$)

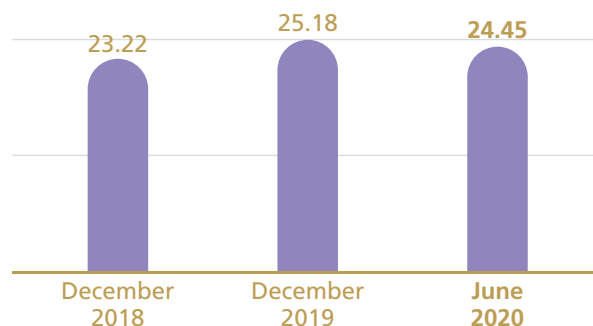


PROPERTY SALES (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS) (RMB'million)

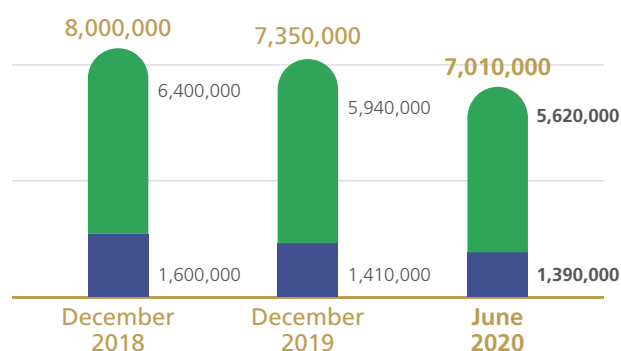


- Property Segment
- Investment and Asset Management Segment

NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK\$)

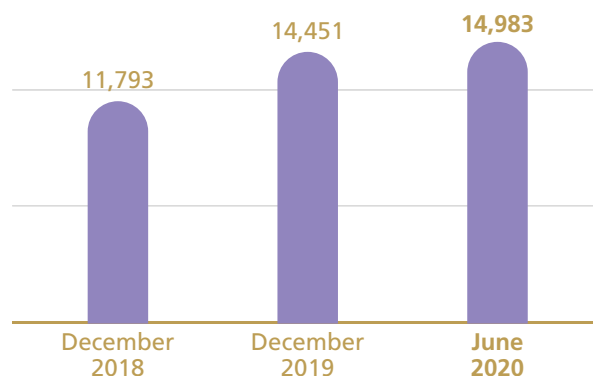


LAND RESERVE (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS) (sqm)



- Property Segment
- Investment and Asset Management Segment

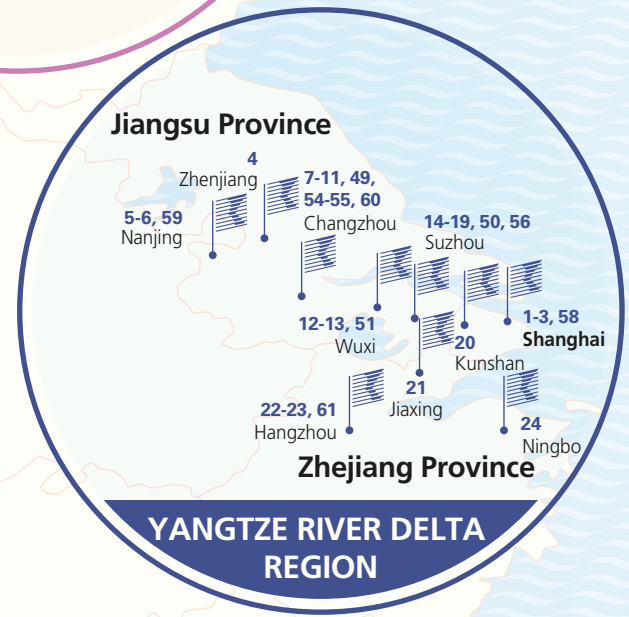
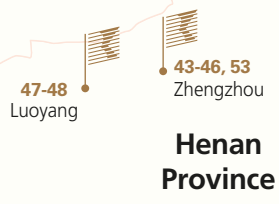
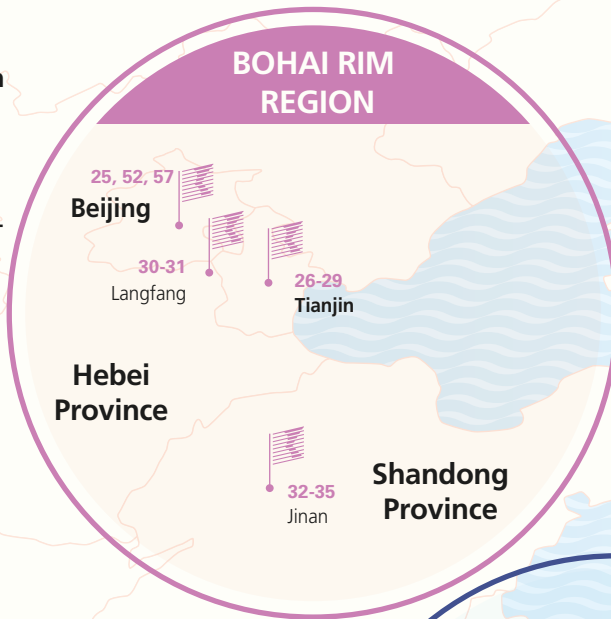
BANK BALANCES AND CASH (HK\$'million)



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY PROJECTS

-  Yangtze River Delta Region
-  Bohai Rim Region
-  Guangdong – Hong Kong – Macao Bay Area
-  Other Regions



LAND RESERVE

As at 30 June 2020

Region	Floor Area*	
	sqm	Proportion
Shanghai	249,000	4%
Jiangsu Province	2,905,00	41%
Zhejiang Province	370,000	5%
Yangtze River Delta Region	3,524,000	50%
Beijing	194,000	3%
Tianjin	639,000	9%
Hebei Province	289,000	4%
Shandong Province	457,000	7%
Bohai Rim Region	1,579,000	23%
Guangdong Province	353,000	5%
Hong Kong Special Administrative Region	118,000	2%
Guangdong – Hong Kong – Macao Bay Area	471,000	7%
Henan Province	1,436,000	20%
Other Regions	1,436,000	20%
Total	7,010,000	100%
Of which:		
Properties for Sale	6,658,000	95%
Investment Properties	352,000	5%

* Including joint venture and associate projects

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Yangtze River Delta Region

1 RK Sheshan Villa • Dongyuan								
	Floor Area (sqm)	124,000	Nature	Residential and commercial	Stage of Completion (note)	P/S/C	Land Area (sqm)	122,000
	Approximate attributable interest	100%	Target completion	2024	Location	East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC		
2 RK Shanghai Style+								
	Floor Area (sqm)	61,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	36,000
	Approximate attributable interest	52.5%	Target completion	2020	Location	East to Nanqian Path, South to the Base Boundary, West to Cuiyu Road, North to Hejing East Road, Huangdu Town, Jiading District, Shanghai, the PRC		
3 RK Maritime Bay (formerly known as Waigang Project)								
	Floor Area (sqm)	64,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	46,000
	Approximate attributable interest	65%	Target completion	2021	Location	East to Yinlong Road, South to Miaojing, West to Xiaohengli River, North to Hengtao Road, Jiading District, Shanghai, the PRC		
4 RK City (Zhenjiang)								
	Floor Area (sqm)	290,000	Nature	Residential	Stage of Completion (note)	P/F/S/C	Land Area (sqm)	257,000
	Approximate attributable interest	100%	Target completion	2023	Location	South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC		
5 Lakeside Mansion								
	Floor Area (sqm)	95,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	34,000
	Approximate attributable interest	25%	Target completion	2021	Location	Saihongqiao Street, Nanxiying Village, Yuhuatai District, Nanjing, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Yangtze River Delta Region

6								
Shanyu Mansion (formerly known as Shan Yu Juan Fu)								
	Floor Area (sqm)	69,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	39,000
	Approximate attributable interest	49%	Target completion	2021	Location	East to Gongnong Road, South to Guihua Hongqi Road, West to Guihua Zhanshu Road, North to Guihua Guanyaoshan North Road, Qixia District, Nanjing, Jiangsu Province, the PRC		
7								
RK Taihu Lake Yard								
	Floor Area (sqm)	137,000	Nature	Residential	Stage of Completion (note)	F/S/C	Land Area (sqm)	208,000
	Approximate attributable interest	90%	Target completion	2021	Location	West of Fengyuan Bei Road, South of Daoxiang Road, North of Yanzheng Xi Road, East of Luyang Road, Wujin Economic Development District, Changzhou, Jiangsu Province, the PRC		
8								
Tang Song								
	Floor Area (sqm)	233,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	129,000
	Approximate attributable interest	49%	Target completion	2021	Location	Southeast of Dingxiang Road and Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
9								
City Wan Xiang								
	Floor Area (sqm)	170,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	109,000
	Approximate attributable interest	51%	Target completion	2020	Location	East of Longjiang Zhong Road, South of Zijing West Road, West of Chuanfang North Road, North of Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
10								
Guo Shi Jiu Li								
	Floor Area (sqm)	113,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	61,000
	Approximate attributable interest	50%	Target completion	2020	Location	West of Chechang Road, South of Qingtan West Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*


MAJOR PROJECTS INFORMATION


PROPERTIES FOR SALE


As at 30 June 2020


Yangtze River Delta Region

11	Jinmao Palace (Changzhou) (formerly known as Yan Cheng Project)							
	Floor Area (sqm)	164,000	Nature	Residential	Stage of Completion (note)	P/S	Land Area (sqm)	108,000
	Approximate attributable interest	51%	Target completion	2022	Location	South of Yanzheng Middle Avenue, West of Fenglin North Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

12	Embrace of Glory							
	Floor Area (sqm)	126,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	106,000
	Approximate attributable interest	33.3%	Target completion	2021	Location	Northwest of the junction of Guanhu Road and Yugang Road, Binhu District, Wuxi, Jiangsu Province, the PRC		

13	Time Boutique							
	Floor Area (sqm)	151,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	77,000
	Approximate attributable interest	51%	Target completion	2021	Location	Southeast side of the intersection of Xidong Avenue and Zhili Road, Xinwu District, Wuxi, Jiangsu Province, the PRC		

14	RK Phoenix City							
	Floor Area (sqm)	80,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	843,000
	Approximate attributable interest	100%	Target completion	2021	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

15	The Legendary One							
	Floor Area (sqm)	96,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	95,000
	Approximate attributable interest	51%	Target completion	Completed	Location	West of Anyang Road and North of Huhong Road, Huguang Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Yangtze River Delta Region

16	New Lake New City							
	Floor Area (sqm)	237,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	173,000
	Approximate attributable interest	33%	Target completion	2021	Location	North of Kuaixiang Avenue, East of Xiangshan Bei Road, Wuzhong Taihu National Tourism Resort Zone, Suzhou, Jiangsu Province, the PRC		
17	RK One More Time							
	Floor Area (sqm)	97,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	45,000
	Approximate attributable interest	100%	Target completion	2020	Location	East of Fucheng North Road, South of Luzhi Avenue, Wuzhong District, Suzhou, Jiangsu Province, the PRC		
18	Wonderful Times (formerly known as Mu Du Project)							
	Floor Area (sqm)	75,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	36,000
	Approximate attributable interest	49%	Target completion	2021	Location	South of Sufu Road, East of Suxu Bay, Zhonghai, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province, the PRC		
19	RK Jade Shores (formerly known as Xiangcheng District Project)							
	Floor Area (sqm)	155,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	79,000
	Approximate attributable interest	51%	Target completion	2022	Location	East of Kangyang Road, South of Chunguang Road, Huangdai Town, Xiangcheng District, Suzhou, Jiangsu Province, the PRC		
20	Lan Ting Long Yue Hua Yuan							
	Floor Area (sqm)	152,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	71,000
	Approximate attributable interest	49%	Target completion	2022	Location	North of Youyi Road, East of Tongjing Road, Lujia Town, Kunshan, Jiangsu Province, the PRC		

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Yangtze River Delta Region

21	Jinmao Palace (Jiaxing)							
	Floor Area (sqm)	116,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	116,000
	Approximate attributable interest	45%	Target completion	2020	Location	North land locates at Qingfeng Road East, Tangqiao Road South, South land locates at Youquan Road North, Shiqiaogang West, Economic and Technological Development Zone, Jiaxing, Zhejiang Province, the PRC		
22	Haiyi Cuiting (formerly known as Chongxian C4 Project)							
	Floor Area (sqm)	75,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	36,000
	Approximate attributable interest	49%	Target completion	2022	Location	East to Sanxianqiao Port, South to Chonghang Street, West to Guihua Road, North to Qiancun Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC		
23	Lanshi Li (formerly known as Chongxian C5 Project)							
	Floor Area (sqm)	100,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	49,000
	Approximate attributable interest	60%	Target completion	2021	Location	East to Guihua Road, South to Chonghang Street, West to Shangxian Road, North to Qiancun Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC		
24	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	47,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	20,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Bohai Rim Region

25 RK Yunhe Shangyuan								
	Floor Area (sqm)	57,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	33,000
	Approximate attributable interest	100%	Target completion	2021	Location	Ligezhuang Road, Miyun District, Beijing, the PRC		
26 RK Sunny Town								
	Floor Area (sqm)	270,000	Nature	Residential	Stage of Completion (note)	P/F/S/C	Land Area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2022	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		
27 RK Junlan Bay								
	Floor Area (sqm)	93,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	125,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Chenyong Road and Zhixin Road, Beicang Town, Beichen District, Tianjin, the PRC		
28 Joy Meaningful Residence								
	Floor Area (sqm)	163,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	109,000
	Approximate attributable interest	50%	Target completion	2021	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		
29 RK Fabulous Community								
	Floor Area (sqm)	100,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	72,000
	Approximate attributable interest	100%	Target completion	2020	Location	East of Wenhui North Road, Haihe Education Park, Tianjin, the PRC		
30 RK Grandtown								
	Floor Area (sqm)	214,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	495,000
	Approximate attributable interest	100%	Target completion	2020	Location	East of Shouchuang Da Street, South of Xinkai Da Street, West of Lidaxian and South to North of Dafubei Road, Xiadian Town, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		


MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MAJOR PROJECTS INFORMATION


PROPERTIES FOR SALE

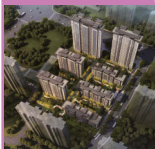
As at 30 June 2020


Bohai Rim Region

31	Guan Project							
	Floor Area (sqm)	75,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	200,000
	Approximate attributable interest	45%	Target completion	Completed	Location	West of Neinanchen Village and East of Daguang Highway, Hot Spring Park, Guan County, Langfang, Hebei Province, the PRC		

32	RK City (Jinan) Phase III							
	Floor Area (sqm)	102,000	Nature	Residential and commercial	Stage of Completion (note)	F	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	2021	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		

33	Joy Mansion of Glory							
	Floor Area (sqm)	132,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	50,000
	Approximate attributable interest	50%	Target completion	2021	Location	North of Jingshi Dong Road, Lixia District, Jinan, Shandong Province, the PRC		

34	Noble Mansion of Glory							
	Floor Area (sqm)	60,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	21,000
	Approximate attributable interest	50%	Target completion	2021	Location	South of Xinggang Road, Lixia District, Jinan, Shandong Province, the PRC		

35	Jin Mao Noble Manor							
	Floor Area (sqm)	163,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	81,000
	Approximate attributable interest	50%	Target completion	2021	Location	North of Feiyue Avenue, East of Hancang River, South of Hancang Avenue, Licheng District, Jinan, Shandong Province, the PRC		

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Guangdong – Hong Kong – Macao Bay Area

36	RK Mont Panorama (Guangzhou)							
	Floor Area (sqm)	36,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	90,000
	Approximate attributable interest	51%	Target completion	Completed	Location	Baohua Road, Huadu District, Guangzhou, Guangdong Province, the PRC		
37	Phoenix Residence							
	Floor Area (sqm)	154,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	58,000
	Approximate attributable interest	30%	Target completion	2023	Location	East of Phoenix South Road, South of Huadu Lake, Huadu District, Guangzhou, Guangdong Province, the PRC		
38	Elite's Mansion							
	Floor Area (sqm)	112,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	40,000
	Approximate attributable interest	49%	Target completion	2021	Location	North of Ronggui Rongqi Avenue East, West of Xianghe Guojiang Tunnel, Shunde District, Foshan, Guangdong Province, the PRC		
39	RK Rivage Panorama							
	Floor Area (sqm)	51,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	2021	Location	No. 27 of Rongqi Avenue East, Ronggui Rongli Neighborhood Committee, Shunde District, Foshan, Guangdong Province, the PRC		
40	Crescent Green							
	Floor Area (sqm)	31,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	28,000
	Approximate attributable interest	100%	Target completion	2020	Location	Lot No. 1066 in Demarcation District No. 103, Au Tau, Yuen Long, New Territories, Hong Kong		

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020


Guangdong – Hong Kong – Macao Bay Area

41	Wong Chuk Hang Project							
	Floor Area (sqm)	47,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	11,000
	Approximate attributable interest	50%	Target completion	2022	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		

42	So Kwun Wat Project							
	Floor Area (sqm)	40,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	12,000
	Approximate attributable interest	50%	Target completion	2023	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		

Other Regions

43	RK International City (Zhengzhou)							
	Floor Area (sqm)	209,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	162,000
	Approximate attributable interest	60%	Target completion	2021	Location	Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

44	RK Ninth County							
	Floor Area (sqm)	761,000	Nature	Residential and commercial	Stage of Completion (note)	P/F/S/C	Land Area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2026	Location	East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC		

45	Joyful Park (formerly known as Economic Development Zone Project)							
	Floor Area (sqm)	82,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	24,000
	Approximate attributable interest	49.9%	Target completion	2022	Location	North of Lingyun Road, East of Yulong Street (Planned road name: Baishi East Street), South of Langxing Road, National Economic and Technological Development Zone, Zhengzhou, Henan Province, the PRC		

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2020

Other Regions

46		RK Slow City (Central China)						
	Floor Area (sqm)	246,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	249,000
	Approximate attributable interest	51%	Target completion	2023	Location	North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC		
47		RK Royal City (Luoyang)						
	Floor Area (sqm)	66,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	147,000
	Approximate attributable interest	100%	Target completion	2020	Location	Huaxia Road, Gaoxin District, Luoyang, Henan Province, the PRC		
48		RK Leader of Life (Luoyang)						
	Floor Area (sqm)	54,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2022	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		


MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*


MAJOR PROJECTS INFORMATION


INVESTMENT PROPERTIES


As at 30 June 2020


Yangtze River Delta Region

49	RK Grand Metropolis (Changzhou)							
	Floor Area (sqm)	113,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC		

14	RK Phoenix City							
	Floor Area (sqm)	23,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

50	RK Grand Metropolis (Suzhou)							
	Floor Area (sqm)	37,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC		

51	Meili Ancient Town							
	Floor Area (sqm)	53,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	54,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		


24	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	32,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	7,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		


MAJOR PROJECTS INFORMATION

INVESTMENT PROPERTIES


As at 30 June 2020

Bohai Rim Region

52	RK World Plaza							
	Floor Area (sqm)	63,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	Completed	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		

26	RK Joy Park							
	Floor Area (sqm)	13,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC		

Other Regions

53	RK Central Special Zone							
	Floor Area (sqm)	18,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*


MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE FIRST HALF OF 2020

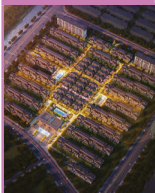
Yangtze River Delta Region

54	RK City Boyue (formerly known as Wujin District Project)							
	Floor Area (sqm)	59,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	40,000
	Approximate attributable interest	100%	Target completion	2021	Location	West of Wuyi North Road and North of Juhu East Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

55	RK Royal Bay							
	Floor Area (sqm)	61,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	34,000
	Approximate attributable interest	100%	Target completion	2021	Location	East to Xigangtou, South to Chaze Street, West to Miaoqiao River, North to Xiaxi River Tributary, Wujin District, Changzhou, Jiangsu Province, the PRC		

56	Sipac Zone							
	Floor Area (sqm)	119,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	58,000
	Approximate attributable interest	30%	Target completion	2021	Location	South of Jinsheng Road, East of Xingpu Road, Shengpu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

Bohai Rim Region

57	Daxing District Project							
	Floor Area (sqm)	74,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	77,000
	Approximate attributable interest	100%	Target completion	2021	Location	East to Shouzhen Road, South to Yujin Street, West to Caifeng Road, North to Yuzhen Street, Caiyu Town, Daxing District, Beijing, the PRC		

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2020 AND UP TO THE DATE OF THIS REPORT

Yangtze River Delta Region

58	Juyuan Project							
	Floor Area (sqm)	130,000	Nature	Residential and Commercial	Stage of Completion (note)	P	Land Area (sqm)	61,000
	Approximate attributable interest	100%	Target completion	2021	Location	East to Hongshi Road, South to Beijing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC		

59	Jiangning District Project							
	Floor Area (sqm)	169,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	83,000
	Approximate attributable interest	40%	Target completion	2022	Location	East to Keji Avenue, South to Yanfa Two Road, West to Development Road, North to Dongji Avenue, Jiangning District, Nanjing, Jiangsu Province, the PRC		

60	Tianning District Project							
	Floor Area (sqm)	116,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	52,000
	Approximate attributable interest	51%	Target completion	2022	Location	East to 26 Qinglong Road, South to Zhulin North Road, West to Miaowan Village West Road, North to Hengtangbang, Tianning District, Changzhou, Jiangsu Province, the PRC		

61	Xihu District Project							
	Floor Area (sqm)	23,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	2021	Location	East to Guihua Shangchengdai River, South to Guihua Shangchengdai River, West to the Guihua Park Road, North to Longxin Road, West Lake District, Hangzhou, Zhejiang Province, the PRC		

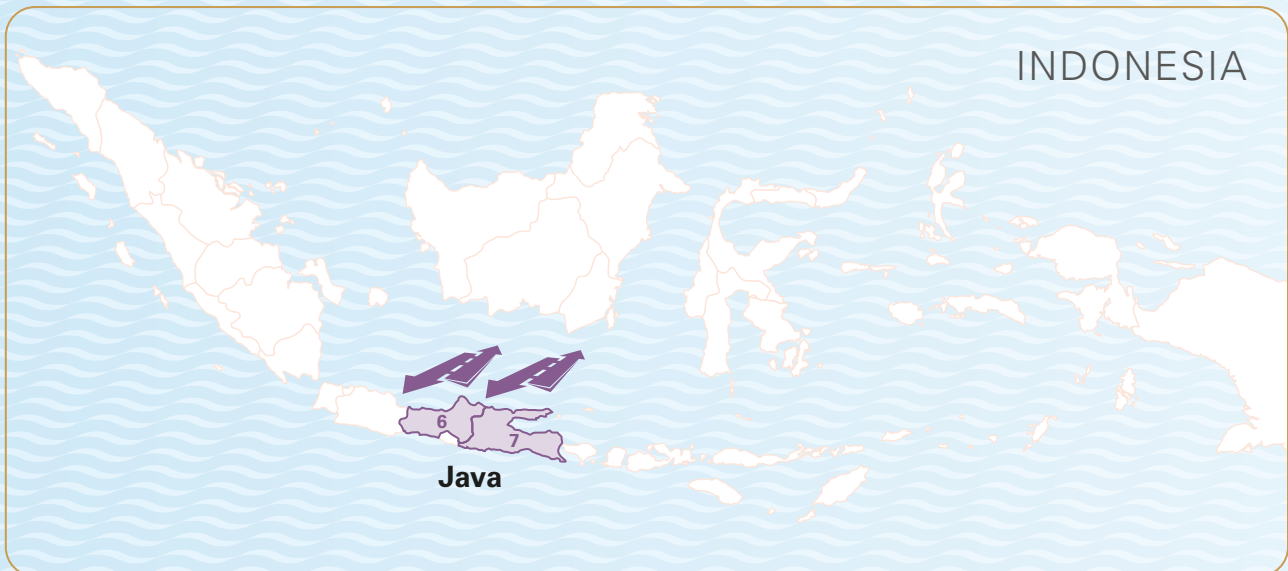
Notes:

"P" denotes "Planning and design"
 "S" denotes "Superstructure"

"F" denotes "Foundation"
 "C" denotes "Completed"

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

 **TOLL ROAD PROJECTS**



MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 30 June 2020

1						
Baojin Expressway						
	Location	Hebei Province	Length	105km	Equity interest (note)	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
2						
Tangjin Expressway						
	Location	Hebei Province	Length	58km	Equity interest (note)	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		
3						
Changyi Expressway						
	Location	Hunan Province	Length	63km	Equity interest (note)	43.17%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		
4						
Longcheng Expressway						
	Location	Shanxi Province	Length	72km	Equity interest (note)	45%
	Route	Provincial Expressway S2002 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		
5						
Machao Expressway						
	Location	Anhui Province	Length	36km	Equity interest (note)	49%
	Route	Provincial Expressway S24 Ma'anshan-Chaohu ~ 6-lane		Road King (China) Infrastructure Limited		


MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 30 June 2020

6 Solo Ngawi ("SN") Expressway						
	Location	Central and East Java, Indonesia	Length	91km	Equity interest (note)	40%
	Route	Trans Java Expressway Solo Ngawi ~ 4-lane		Kings Key Limited		

7 Ngawi Kertosono Kediri ("NKK") Expressway						
	Location	East Java, Indonesia	Length	115km	Equity interest (note)	40%
	Route	Trans Java Expressway Ngawi Kertosono Kediri ~ 4-lane		Kings Key Limited		

Note:

As at 30 June 2020, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% (31 December 2019: 75%) held by the Group.

BUSINESS REVIEW

For the first half of 2020, property sales and toll revenue of the Group (including joint venture and associate projects) were RMB20,448 million equivalent and RMB837 million equivalent respectively, totaling RMB21,285 million. Due to the impact from the COVID-19 pandemic, the profit for the first half of 2020 and the profit attributable to the owners of the Company decreased to HK\$792 million and HK\$430 million, respectively, with earnings per share of HK\$0.57 and net assets per share of HK\$24.45.

For land reserve replenishment, the Group acquired four parcels of land for residential purpose through listing-for-sale and/or co-development with competent enterprises in the first half of year, with an aggregate floor area of 313,000 sqm. As of 30 June 2020, the Group has a land reserve in Mainland China and Hong Kong were approximately 7,010,000 sqm in total and the total area of properties pre-sold but yet to be delivered was 1,930,000 sqm.

BUSINESS SEGMENTS ANALYSIS

(I) PROPERTY SEGMENT

For the first half of 2020, the central government of Mainland China reaffirmed its policy of “house is for living, not for speculating” and maintained tightened financial regulations on the real estate industry. In order to address the impacts from the COVID-19 pandemic, upholding the strategy of “differentiated policies for various cities” and sticking to the regulation policy of tightening home purchase restrictions and restrictions on prices and mortgage, most of the local governments, in a more flexible manner, rolled out favourable policies for both the supply and demand sides to regulate the real estate market, so as to maintain the stable operation of the real estate market.

The real estate market in Mainland China was hit hard due to the outbreak of the pandemic at the beginning of the year, and then gradually improved in the second quarter following the effective containment of the pandemic, albeit notable difference in market performance of various cities. By closely following the market trend and adhering to the operating principle of ensuring a balance between sales volume and profitability, the operation team of the Group concerted their efforts and recorded property sales (including joint venture and associate projects) of RMB19,674 million in the first half of 2020, comprising the contracted sales of RMB17,774 million and outstanding subscribed sales of RMB1,900 million. Due to the outbreak of the COVID-19 pandemic, property sales were suspended for nearly two months. However, with the effort of the operation team to drive sales, the sales only slightly dropped by 3% as compared to that of the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Property Sales and Delivery

Set out below is an analysis of the property segment's property sales and delivery by region (including joint venture and associate projects) for the first half of 2020:

Regions (Notes)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta Region	14,988	681,000	7,024	442,000
Bohai Rim Region	2,662	162,000	3,332	178,000
Guangdong-Hong Kong-Macao Bay Area	1,848	48,000	883	51,000
Other Regions	176	19,000	269	38,000
Total (first half of 2020)	19,674	910,000	11,508	709,000
Total (first half of 2019)	20,239	1,041,000	8,200	491,000

Notes:

Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.

Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Guangdong-Hong Kong-Macao Bay Area comprises Guangdong Province and Hong Kong Special Administrative Region.

Other Regions comprise Henan Province.

In the first half of 2020, the average selling price for the Group's property segment was approximately RMB21,600 per sqm. The sales mainly concentrated in Yangtze River Delta Region, representing about 76% of total property sales. As of 30 June 2020, the total area of properties pre-sold but yet to be delivered was 1,760,000 sqm.

Financial Review

Set out below is an analysis of the financial performance of the Group's property segment for the first half of 2020 and 2019:

	Six months ended 30 June	
	2020 HK\$'million	2019 HK\$'million
Revenue	8,070	6,756
Gross profit	2,561	2,638
Selling and operating expenses	(655)	(628)
Profit for the period	1,060	966

In the first half of 2020, revenue from the Group's property segment mainly generated from the delivery of properties in Yangtze River Delta Region (representing about 61% of total delivery). The average selling price per sqm was approximately RMB16,200 and gross profit margin was close to 32%. During the period, profit of the property segment amounted to approximately HK\$1,060 million.

Land Reserve

For land reserve replenishment, the Group's property segment acquired four parcels of land for residential purpose in the first half of 2020 through listing-for-sale and/or co-development with an aggregate floor area of 313,000 sqm. Of which, one piece of land is under co-development with competent enterprises. Details of which are set out as follows:

City	Attributable Interest	Acquisition Date	Land Area (sqm)	Floor Area (sqm)	Total Consideration (RMB'million)
Changzhou	100%	March 2020	40,000	59,000	895
Suzhou	30%	April 2020	58,000	119,000	2,091
Beijing	100%	May 2020	77,000	74,000	1,300
Changzhou	100%	June 2020	34,000	61,000	356

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2020, the property segment's land reserve was approximately 5,620,000 sqm and mainly located in Yangtze River Delta Region, representing approximately 60% of the land reserve.

In July 2020, the Group further acquired four pieces of land for residential developments through listing-for-sale, including a piece of land for residential development in Tianning District, Changzhou with a floor area of 116,000 sqm, a piece of land for residential development in Jiangning District, Nanjing with a floor area of 169,000 sqm, a piece of land for commercial and residential development in Jiading District, Shanghai with a floor area of 130,000 sqm and a piece of land for residential development in Xihu District, Hangzhou with a floor area of 23,000 sqm. The total floor area was approximately 438,000 sqm.

In the first half of 2020, the Group's new construction area was 1,550,000 sqm while the area of completed projects was 890,000 sqm. New construction area and the area of completed projects in the second half of 2020 are expected to be 1,330,000 sqm and 2,040,000 sqm respectively.

With the gradual containment of the pandemic, it is expected that the property market in Mainland China will recover in the second half of the year with stable and mildly increasing land supply. However, it is also expected that the central and local governments will continue to strictly abide by major austerity measures such as tightening home purchase restrictions, restriction on prices and "city-specific policies", so as to sustain stable operation of the real estate market. COVID-19 and the international environment have certain impacts on the PRC economy in the short term, but real estate industry, as a pillar industry in Mainland China, still supports economic growth in the long term. The Group stays cautiously optimistic in regards to the outlook of property business development in Mainland China.

Through years of development, the Group's property business has a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In the second half of the year, the property management and operation team of the Group will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume, as well as striving to maintain the sales volume and the profit target. To establish the Group as a more widely recognized property enterprise, it will continue to research and develop market-oriented products and promote the brand name of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Overview of Major Projects

Yangtze River Delta Region

RK Sheshan Villa • Dongyuan, Shanghai

In the first half of 2020, the contracted sales of RK Sheshan Villa • Dongyuan was RMB391 million, with an average selling price of approximately RMB38,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB692 million and 17,000 sqm respectively. It is expected that a total area of approximately 8,000 sqm will be delivered in the second half of 2020.

RK Shanghai Style+, Shanghai

In the first half of 2020, the contracted sales of RK Shanghai Style+ was RMB1,741 million, with an average selling price of approximately RMB35,000 per sqm. The project is expected to be completed and delivered in the second half of 2020.

RK City Landmark, Changzhou

In the first half of 2020, the contracted sales of RK City Landmark was RMB28 million, with the value and area of properties delivered of RMB1,084 million and 80,000 sqm respectively. It is expected that a total area of approximately 12,000 sqm will be delivered in the second half of 2020.

RK Taihu Lake Yard, Changzhou

In the first half of 2020, the contracted sales of RK Taihu Lake Yard was RMB802 million, with an average selling price of approximately RMB21,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB145 million and 8,000 sqm respectively. It is expected that a total area of approximately 35,000 sqm will be delivered in the second half of 2020.

City Wan Xiang, Changzhou

In the first half of 2020, the contracted sales of City Wan Xiang was RMB178 million, with an average selling price of approximately RMB15,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB635 million and 44,000 sqm respectively. It is expected that a total area of approximately 176,000 sqm will be delivered in the second half of 2020.

Tang Song, Changzhou

In the first half of 2020, the contracted sales of Tang Song was RMB458 million, with an average selling price of approximately RMB18,000 per sqm. It is expected that a total area of approximately 139,000 sqm will be delivered in the second half of 2020.

Guo Shi Jiu Li, Changzhou

In the first half of 2020, the contracted sales of Guo Shi Jiu Li was RMB433 million, with an average selling price of approximately RMB22,000 per sqm. It is expected that a total area of approximately 102,000 sqm will be delivered in the second half of 2020.

Jinmao Palace, Changzhou (formerly known as Yan Cheng Project)

In the first half of 2020, the contracted sales of Jinmao Palace (Changzhou) was RMB516 million, with an average selling price of approximately RMB29,000 per sqm. The project is expected to be completed and delivered in the second half of 2021.

Lakeside Mansion, Nanjing

In the first half of 2020, the contracted sales of Lakeside Mansion was RMB2,266 million, with an average selling price of approximately RMB43,000 per sqm. The project is expected to be completed and delivered in the first half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Shanyu Mansion, Nanjing (formerly known as Shan Yu Juan Fu)

In the first half of 2020, the contracted sales of Shanyu Mansion was RMB423 million, with an average selling price of approximately RMB27,000 per sqm. The project is expected to be completed and delivered in the second half of 2021.

New Lake New City, Suzhou

In the first half of 2020, the contracted sales of New Lake New City was RMB947 million with an average selling price of approximately RMB17,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB121 million and 8,000 sqm respectively. It is expected that a total area of approximately 126,000 sqm will be delivered in the second half of 2020.

The Legendary One, Suzhou

In the first half of 2020, the contracted sales of The Legendary One was RMB1,156 million, with an average selling price of approximately RMB31,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB1,037 million and 36,000 sqm respectively. It is expected that a total area of approximately 38,000 sqm will be delivered in the second half of 2020.

RK One More Time, Suzhou

In the first half of 2020, the contracted sales of RK One More Time was RMB1,062 million, with an average selling price of approximately RMB23,000 per sqm. It is expected that a total area of approximately 96,000 sqm will be delivered in the second half of 2020.

Embrace of Glory, Wuxi

In the first half of 2020, the contracted sales of Embrace of Glory was RMB550 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of approximately 55,000 sqm will be delivered in the second half of 2020.

Mei Du Mansion, Wuxi

In the first half of 2020, the contracted sales of Mei Du Mansion was RMB41 million, with an average selling price of approximately RMB21,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB1,119 million and 67,000 sqm respectively. It is expected that a total area of approximately 4,000 sqm will be delivered in the second half of 2020.

Time Boutique, Wuxi

In the first half of 2020, the contracted sales of Time Boutique was RMB649 million, with an average selling price of approximately RMB17,000 per sqm. The project is expected to be completed and delivered in the second half of 2021.

Lan Ting Long Yue Hua Yuan, Kunshan

In the first half of 2020, the contracted sales of Lan Ting Long Yue Hua Yuan was RMB820 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of approximately 42,000 sqm will be delivered in the second half of 2020.

Jinmao Palace, Jiaxing

In the first half of 2020, the contracted sales of Jinmao Palace (Jiaxing) was RMB402 million, with an average selling price of approximately RMB15,000 per sqm for residential buildings. In the first half of 2020, the value and area of properties delivered were RMB1,246 million and 84,000 sqm respectively. It is expected that a total area of approximately 123,000 sqm will be delivered in the second half of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Bohai Rim Region

RK Sunny Town, Tianjin

In the first half of 2020, the contracted sales of RK Sunny Town was RMB279 million, with an average selling price of approximately RMB29,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB1,763 million and 71,000 sqm respectively. It is expected that a total area of approximately 10,000 sqm will be delivered in the second half of 2020.

RK Junlan Bay, Tianjin

In the first half of 2020, the contracted sales of RK Junlan Bay was RMB154 million, with an average selling price of approximately RMB15,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB1,217 million and 86,000 sqm respectively. It is expected that a total area of approximately 73,000 sqm will be delivered in the second half of 2020.

RK Grandtown, Langfang

In the first half of 2020, the contracted sales of RK Grandtown was RMB821 million, with an average selling price of approximately RMB15,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB310 million and 20,000 sqm respectively. It is expected that a total area of approximately 95,000 sqm will be delivered in the second half of 2020.

Jin Mao Noble Manor, Jinan

In the first half of 2020, the contracted sales of Jin Mao Noble Manor was RMB479 million, with an average selling price of approximately RMB15,000 per sqm for high-rise residential buildings. The project is expected to be completed and delivered in the first half of 2021.

Guangdong – Hong Kong – Macao Bay Area

RK Mont Panorama, Guangzhou

In the first half of 2020, the contracted sales of RK Mont Panorama was RMB250 million, with an average selling price of approximately RMB23,000 per sqm. In the first half of 2020, the value and area of properties delivered were RMB463 million and 22,000 sqm respectively. It is expected that a total area of approximately 47,000 sqm will be delivered in the second half of 2020.

Phoenix Residence, Guangzhou

In the first half of 2020, the contracted sales of Phoenix Residence was RMB486 million, with an average selling price of approximately RMB27,000 per sqm. The project is expected to be completed and delivered in the second half of 2022.

Elite's Mansion, Foshan

In the first half of 2020, the contracted sales of Elite's Mansion was RMB114 million, with the value and area of properties delivered of RMB413 million and 27,000 sqm respectively. It is expected that a total area of approximately 9,000 sqm will be delivered in the second half of 2020.

Crescent Green, Hong Kong Special Administrative Region

In the first half of 2020, the contracted sales of Crescent Green was HK\$967 million, with an average selling price of approximately HK\$144,000 per sqm. It is expected that a total area of approximately 20,000 sqm will be delivered in the second half of 2020.

New Projects

Acquired in the first half of 2020:

Yangtze River Delta Region

RK City Boyue, Changzhou (formerly known as Wujin District Project)

In March 2020, the Group acquired a piece of land in Wujin District, Changzhou for residential development through listing-for-sale. Located at Hutang Town, Wujin District, Changzhou, west of Wuyi North Road and north of Juhu East Road, the project is at the prime location of Wujin main city area. Equipped with comprehensive facilities, convenient access and surrounded by two commercial circles with established healthcare and educational facilities nearby, the project is planned to be developed as a high quality and low density residence. The project has a site area and a floor area of 40,000 sqm and 59,000 sqm respectively, and is planned to be launched in the second half of 2020.

Sipac Zone, Suzhou

In April 2020, the Group acquired a piece of land in Suzhou Industrial Park for residential development through co-development with competent enterprises. The project is located on Shengpu Street, Suzhou Industrial Park, south of Jinsheng Road, north of Zhensheng Road, west of Xinjiang Road. Adjacent to the central Hudong area of the park, the project is encompassed with a favourable living atmosphere and sound commercial, educational and healthcare facilities, fit for development of high-quality residences. The project has a site area and a floor area of 58,000 sqm and 119,000 sqm respectively, and is planned to be launched in the second half of 2020.

RK Royal Bay, Changzhou

In June 2020, the Group acquired a piece of land in Wujin District, Changzhou for residential development through listing-for-sale. Located in Wujin District, Changzhou, east of Miaoqiao River and north of Chaze Street, the project is situated in the potential area of Pan-Xitaihu Lake, Wujin. The project is equipped with well-established commercial, healthcare and educational facilities, and is in the proximity to Xitaihu Flora Expo Park. Leveraging on its overall advantage of abundance in flowers and plants, the project is planned to be developed into a high-quality low-rise residence. The project has a site area and a floor area of 34,000 sqm and 61,000 sqm respectively, and is planned to be launched in the second half of 2020.

Bohai Rim Region

Daxing District Project, Beijing

In May 2020, the Group acquired a piece of land in Daxing District, Beijing for residential development through listing-for-sale. Located in Caiyu Town, Daxing District, Beijing, the project is situated in the planning zone of Yizhuang Economic Development Area. Adjacent to Jingfu Road, Capital Region Ring Expressway and Jinghu Highway, it has convenient access to the downtown area. With a favourable living atmosphere at the surrounding area, the land is endowed with a good ecological environment and quality educational facilities, fit for the development of low density and quality residential community. The project has a site area and a floor area of 77,000 sqm and 74,000 sqm respectively, and is planned to be launched in the second half of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Acquired in the second half of 2020 and up to the date of this report:

Yangtze River Delta Region

Tianning District Project, Changzhou

In July 2020, the Group acquired a piece of land in Tianning District, Changzhou for residential development through listing-for-sale. Located in Tianning District, Changzhou, west of Longcheng Avenue and north of Zhulin North Road, the project is in the prime location of Changzhou main city area. Close to the government building of Tianning District, the project is equipped with healthcare, traffic, educational facilities and natural landscape and offers a favourable living atmosphere, fit for the development of high-quality and comfortable integrated community. The project has a site area and a floor area of 52,000 sqm and 116,000 sqm respectively, and is planned to be launched by the end of 2020.

Jiangning District Project, Nanjing

In July 2020, the Group, in cooperation with its partner, acquired a piece of land in Jiangning District, Nanjing for residential development through listing-for-sale. Located at the High-Tech Park of Jiangning District, Nanjing, south of Fangqian Road and west of Zhengfang Avenue, the project is situated in the area of Zhengfang New Town, Jiangning District. The project is endowed with extensive transportation network and quality educational facilities. An emerging science and technology industrial park focused on development of software has been established within the area, and the living amenities within the area will be further upgraded in the future, fit for development of high-quality residences. The project has a site area of 83,000 sqm and a floor area of 169,000 sqm, and is planned to be launched in the first half of 2021.

Juyuan Project, Shanghai

In July 2020, the Group acquired a piece of land in Jiading District, Shanghai for commercial and residential development through listing-for-sale. Located at Juyuan Community, Jiading New Town, Jiading District, Shanghai, the project is at the prime location of Jiading New Town. Jiading Station along Shanghai Rail Transit Line 11 is situated to the north of the project, only 40 meters away, while Jiading District Passenger Terminal is in proximity of the project in the northwest. Adjacent to the water systems of the municipal park, the project is equipped with extensive road network, convenient transportation and comprehensive facilities, fit for development of high-quality premium projects. The project has a site area of 61,000 sqm and a floor area of 130,000 sqm, and is planned to be launched in the first half of 2021.

Xihu District Project, Hangzhou

In July 2020, the Group acquired a piece of land in Xihu District, Hangzhou for residential development through listing-for-sale. The project is located in Longwu Town, Xihu District, Hangzhou and is close to Longwu Scenic Zone. Adjacent to Zhuantang Town in the south and Longjing Mountain and Qiangtang River in the east, the project enjoyed unique geographical advantages, fit for development of high-quality premium projects. The project has a site area of 22,000 sqm and a floor area of 23,000 sqm, and is planned to be launched by the end of 2020.

(II) TOLL ROAD SEGMENT

In the first half of 2020, as affected by the outbreak of COVID-19, the toll-free period during the Chinese New Year holidays this year in Mainland China was extended for additional 9 days. Further, on 15 February, the Ministry of Transport of the PRC issued the “Notice on Waiver of Tolls on Toll Roads During the Containment of Epidemic Caused by the Novel Coronavirus Pneumonia”, pursuant to which, collection of toll fees on all toll roads in Mainland China shall be exempted for 79 consecutive days from 17 February to 5 May. To ensure sufficient working capital for the expressway projects in the Mainland China, the Group received cash distribution of approximately HK\$19 million from the expressway joint ventures (including the repayment of shareholders’ loans) in the first half of the year. Following the resumption of toll fee collection from 6 May, the Group will receive normal level of cash distribution from its expressway joint ventures in the second half of the year, thereby continuing to contribute stable cash flow to the Group.

The Group’s average daily traffic volume and toll revenue of the expressway projects for the first half of 2020 are analysed below:

Projects	Average Daily Traffic Vehicles	Toll Revenue RMB’million
Expressway projects in Mainland China		
Baojin Expressway	65,300	186
Tangjin Expressway	53,500	152
Changyi Expressway	76,100	156
Longcheng Expressway	20,900	112
Machao Expressway	32,700	65
Sub-total	248,500	671
Expressway projects in Indonesia		
SN Expressway	10,300	87
NKK Expressway	9,700	79
Sub-total	20,000	166
Total (First half of 2020)	268,500	837
Total (First half of 2019) (Note)	264,300	1,596

Note: The acquisition of SN and NKK Expressways in Indonesia was completed on 18 December 2019, therefore the relevant figures for the first half of 2019 are not presented in the above analysis report. The average daily traffic volume of SN and NKK Expressways for the first half of 2019 (prior to the Group’s acquisition) were approximately 15,000 vehicles and 13,600 vehicles respectively; while their toll revenue were RMB127 million and RMB114 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

The average daily traffic volume and toll revenue of the Group's expressway projects portfolio (including the expressway projects in Mainland China and Indonesia) reached 268,500 vehicles and RMB837 million respectively in the first half of 2020, representing an increase of 2% and a decrease of 48% as compared with the corresponding period of last year. During the period, due to the impact of the implementation of the toll-free policy as a result of the COVID-19, the toll revenue of the expressways in the Mainland China in the first half of the year fell by 58% as compared with the corresponding period of last year. However, as the expressways remained open to traffic during the toll-free period, the average daily traffic volume in the first half of the year only recorded a slight decline of 6% as compared with the corresponding period of last year. The Group is proactively negotiating with the transportation departments of various provinces regarding the compensation plan for the losses incurred by the Group's expressway projects during the toll-free period. After the resumption of toll fee collection on 6 May, the toll revenue has gradually restored to normal. The toll revenue of the expressways recently acquired in Indonesia also decreased due to the impact of the outbreak of COVID-19 during the period; average daily traffic volume was lowest in late May during the period but has started to recover since then. As a result of the decrease in toll revenue from the Mainland China and Indonesia, the Group's share of profits of infrastructure joint ventures substantially decreased to HK\$8 million for the first half of the year.

The Group expects to witness a steady growth in toll revenue and sustainable development of the expressway business in the second half of the year assuming the containment of the COVID-19 and the recovery of economic activities. In the medium to long term, the Group will continue to acquire high-quality expressway projects in Mainland China or countries along the Belt and Road, laying a solid foundation for long-term growth.

Overview of Toll Road Projects

Baojin Expressway

The traffic volume and toll revenue decreased by 15% and 58% respectively in the first half of 2020 as compared with the corresponding period of last year. It was mainly attributable to the impact of several factors such as the toll-free policy during the COVID-19 and changes on toll rates and toll rules. With the gradual recovery of the economy and accelerated construction of Xiong'an New Area after the containment of the pandemic in Mainland China, it is expected that the traffic volume and revenue of Baojin Expressway will maintain steady growth in the second half of the year.

Tangjin Expressway

In the first half of 2020, the traffic volume and toll revenue decreased by 13% and 63% respectively as compared with the corresponding period of last year. It was mainly attributable to the impact of several factors such as the toll-free policy during the COVID-19, changes on toll rates and toll rules, the delayed opening of Tangshan East Station and the opening of Tanglang Expressway since July 2019. With gradual improvement of the domestic economy and following further containment of the pandemic, it is expected that the traffic volume and revenue of Tangjin Expressway will gradually resume to a normal level and maintain steady growth.

Changyi Expressway

The traffic volume increased by 4% while the toll revenue decreased by 55% in the first half of 2020. It was mainly attributable to the impact of several factors such as the toll-free policy during the COVID-19, changes on toll rates and rules. In view of the corresponding relationship between the location of the toll station and the toll mileage, the local government has reduced the toll mileage by 6.057 kilometers after the resumption of toll fee collection on 6 May. The Group is proactively negotiating with the transportation department of Hunan provincial government regarding the compensation for the losses incurred. It is expected that, driven by economic recovery following further containment of the pandemic in China, the traffic volume and toll revenue of Changyi Expressway will gradually pick up in the second half of the year.

Longcheng Expressway

In the first half of 2020, the traffic volume and toll revenue decreased by 12% and 57% respectively. The decrease is mainly attributable to the impact of several factors such as the toll-free policy during the COVID-19 and changes on toll rates and rules. Benefiting from several positive factors such as the economic recovery following the containment of the pandemic and diversion of passing vehicles to Longcheng Expressway due to the closure of the nearby National Highway 108 for maintenance, both the traffic volume and toll revenue of Longcheng Expressway are expected to show an increase momentum in the second half of the year.

Machao Expressway

The traffic volume increased by 11% while the toll revenue decreased by 52% in the first half of 2020. The decrease in toll revenue was mainly attributable to the impact of several factors such as the toll-free policy during the COVID-19 and changes on toll rates and rules. However, traffic volume has increased mainly attributable to the completion of expansion in Hechao Expressway, part of the previously diverted traffic now returns to Machao Expressway and toll-free policy during COVID-19 has induced more vehicles in using expressway, led to increase in traffic volume. With the effective containment of the pandemic in China and the gradual improvement of the economy, it is expected that the traffic volume and toll revenue of Machao Expressway will keep growing in the second half of the year.

SN Expressway

The traffic volume and toll revenue in the first half of 2020 were 10,300 vehicles and RMB87 million, respectively. SN Expressway is part of a network of toll expressways across Java that connects eastern and central Java, Indonesia. The total length of the toll road is about 91 kilometers. The toll road has been completed and has been in operation since April 2018. As the operation of the toll road is at an early stage, it is expected that the traffic volume and toll revenue will show growth momentum in the second half of the year.

NKK Expressway

The traffic volume and toll revenue in the first half of 2020 were 9,700 vehicles and RMB79 million, respectively. NKK Expressway is also part of a network of toll expressways across Java that connects eastern and central Java, Indonesia. The total length of Ngawi Kertosono Kediri Expressway is about 115 kilometers, while the length of the section from Ngawi to Kertosono is about 87 kilometers. The length of the remaining section not yet been constructed, i.e. the planned section from Kertosono to Kediri, is about 28 kilometers. The section from Ngawi to Kertosono has been completed and has been in operation since April 2018. As the operation of this section is at an early stage, it is expected that the traffic volume and toll revenue will show growth momentum in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

(III) INVESTMENT AND ASSET MANAGEMENT SEGMENT

The outbreak of COVID-19 undermined the performance of the investment and asset management businesses during the first half of 2020. During the first half of 2020, the projects of investment and asset management segment (including joint venture and associate projects) achieved property sales of approximately RMB774 million, representing a decrease of 57% as compared to the same period of 2019. During the period, the segment recorded a loss of HK\$227 million.

Overview of Major Businesses

Property Fund Business

In view of the substantial fluctuations in the global financial markets, the fund business did not make any new investment during the first half of 2020. The scale of fund assets under the management of the investment and asset management segment was about RMB6 billion by the end of June 2020.

Cultural, Tourist and Commercial Business

As the cultural, tourist and commercial business of the Group hasn't been opened to the public, the impact of COVID-19 on the business segment was relatively insignificant. However, as the outbreak of the pandemic led to a decrease in market rent rate, the fair value of investment properties accordingly decreased during the period. After careful consideration, the launching date of Meili Ancient Town in Wuxi will be delayed to the fourth quarter of 2020. Phase I of the project located in Xinmi, Zhengzhou is expected to reach the progress where it will be qualified to obtain sales permit by the end of the year.

Entertainment and Content Development Business

Due to the closure of theme parks and indoor amusement facilities or the implementation of social distancing measures around the world, the entertainment and content development business was suspended for the most part during the first half of 2020. Although the Group believes that the aforesaid closure and quarantine measures are occasional events, the Group also considered the prospect and risks brought by these businesses and will take appropriate response measures.

Property Development Business

The property development projects of investment and asset management segment (including joint venture and associate projects) achieved property sales of approximately RMB774 million for the first half of 2020, including contracted sales of RMB554 million and outstanding subscribed sales of approximately RMB220 million.

As at 30 June 2020, the land reserve of investment and asset management segment was approximately 1,390,000 sqm, which was mainly located in Henan Province. As at 30 June 2020, total area of properties presold but yet to be delivered was 170,000 sqm.

The outbreak of the COVID-19 in 2020 has imposed, to varying degrees, impacts on the investment mode, consumption habit, travel pattern and working style in the long run. The Group is conducting an in-depth review of its businesses and will make adjustments to its business mode based on the review results.

FINANCIAL REVIEW OF THE GROUP

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the six months ended 30 June 2020 and 2019.

	For the period ended 30 June	
	2020 HK\$'million	2019 HK\$'million
Revenue	8,184	6,856
Gross profit	2,593	2,727
Interest and other income, net	149	393
Selling and operating expenses	(777)	(756)
Share of results of joint ventures and associates	204	401
Finance costs	(555)	(490)
Profit before taxation	1,614	2,275
Income tax expenses	(822)	(1,075)
Profit for the period	792	1,200
Profit attributable to:		
– Owners of the Company	430	868
– Owners of perpetual capital securities	265	175
– Non-controlling interests of subsidiaries	97	157
	792	1,200

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Revenue and Gross Profit

Revenue and gross profit of the Group for the period under review were mainly contributed by the property business. The details are contained in the subsection headed “Financial Review” under “Property Segment”.

Interest and Other Income, Net

During the period, as the interest-bearing loans provided by the Group to joint ventures decreased as compared to the corresponding period of last year, the interest income decreased by approximately HK\$122 million as compared with the corresponding period of last year. In addition, as the outbreak of the COVID-19 pandemic led to a decline in the market rent rate of the investment properties held by the Group, the fair value of such investment properties recorded a decrease of approximately HK\$71 million (2019: an increase in the fair value of approximately HK\$30 million) during the period, resulting in a decrease in interest and other net income.

Share of Results of Joint Ventures and Associates

This represented mainly share of results of the infrastructure joint ventures of HK\$8 million and share of results of property joint ventures and associates of HK\$196 million of the Group during the period under review. The details are contained in the analysis of each business segment. The decrease in profit was mainly attributable to a significant drop in the profits from the Group’s infrastructure joint venture projects as a result of the government policies such as the extension for another 9 days of the toll-free period during the Chinese New Year holidays this year and the subsequent suspension of the toll fee collection for 79 consecutive days from 17 February to 5 May in Mainland China due to the outbreak of the COVID-19 pandemic.

Finance Costs

The increase in finance costs was mainly attributable to the Group’s issuance of one offshore guaranteed senior notes with the principal amount of US\$300 million and one syndicated loan amounted to HK\$1,500 million during the period, resulting in the increase in interests on borrowings and related finance costs.

Income Tax Expenses

Income tax expenses mainly comprise profit tax, land appreciation tax and deferred tax. The higher income tax expenses for the corresponding period of last year as compared to the period was mainly attributable to the higher profits of properties delivered in 2019 which increased the provision for land appreciation tax.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Unaudited Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 30 June 2020 and 31 December 2019.

	30 June 2020 HK\$'million	31 December 2019 HK\$'million
Non-current assets		
– Investments in joint ventures and associates (including shareholders' loans)	20,527	20,024
– Investment properties	3,869	3,813
– Other non-current assets	1,933	1,922
	26,329	25,759
Current assets		
– Inventory of properties (including prepayment for land leases)	45,098	41,464
– Bank balances and cash (including pledged bank deposits)	15,070	15,173
– Loans to joint ventures	2,405	3,244
– Other current assets	5,903	5,043
	68,476	64,924
Current liabilities		
– Creditors and accrued charges	(9,130)	(10,400)
– Loans from joint ventures and associates	(2,663)	(2,898)
– Deposits from pre-sale of properties	(10,474)	(8,482)
– Bank and other borrowings	(12,727)	(8,319)
– Other current liabilities	(7,429)	(8,997)
	(42,423)	(39,096)
Non-current liabilities (including bank and other borrowings)	(23,196)	(23,023)
Total equity (including perpetual capital securities)	29,186	28,564

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Investments in Joint Ventures and Associates (including Shareholders' Loans)

It mainly represented the Group's interests in infrastructure joint ventures of HK\$4,318 million and interests in property joint ventures and associates of HK\$18,614 million, including shareholders' short term loans to the joint ventures (included in current assets). The decrease in balance was mainly attributable to the partial repayment of shareholders' loans in property joint venture projects during the period. The details on new land parcels acquired through joint ventures are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment".

The Group entered into the undertaking agreement with an independent third party in 2017, pursuant to which, the Group undertakes for a prompt settlement of 50% of outstanding debts incurred by the property development joint venture, in which the Group held 50% equity interest. As at 30 June 2020, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK\$2,736 million (31 December 2019: HK\$2,729 million). Save for this liability undertaking, details of other guarantees given by the Group to joint ventures were set out in the subsection headed "Contingent Liabilities" below.

Investment Properties

This comprises the carrying value of investment properties with the details are set out in note 13 of the consolidated financial statements. During the period, the increase in the leased areas of the Group's commercial properties in Beijing and Ningbo offset the impact of decrease in rent rate due to the COVID-19 pandemic. As at 30 June 2020, the total floor area of the investment properties of the Group was around 352,000 sqm.

Inventory of Properties (including Prepayment for Land Leases)

The increase in inventory of properties was mainly due to the payment of land premiums for a number of newly acquired projects by the Group during the period and one joint venture project company located in Changzhou was accounted as a consolidated subsidiary during the period, leading to an increase in the balance of inventory of properties.

Deposits from Pre-sale of Properties

The increase in deposits from pre-sale of properties was a result of the consolidation of the Changzhou project during the period. As at 30 June 2020, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 1,930,000 sqm.

Bank and Other Borrowings and Non-current Liabilities

Bank and other borrowings and non-current liabilities mainly represented offshore guaranteed senior notes, syndicated loans, domestic bonds and project development loans of the Group.

Details of the Group's loan profile are set out as follows:

	30 June 2020 HK\$'million	31 December 2019 HK\$'million
Repayable:		
On demand	700	700
Within one year	12,027	7,619
After one year but within two years	8,542	12,479
After two years but within five years	12,629	9,147
More than five years	709	196
Total loans	34,607	30,141

Source of Loans

	30 June 2020	31 December 2019
Short term loans	37%	28%
Long term loans	63%	72%
Total	100%	100%

Nature of Debts

	30 June 2020	31 December 2019
Unsecured loans	69%	67%
Secured loans	31%	33%
Total	100%	100%

Currency Profile of Loans

	30 June 2020	31 December 2019
HKD	14%	10%
RMB	34%	37%
USD	52%	53%
Total	100%	100%

Type of Loans

	30 June 2020	31 December 2019
Guaranteed senior notes*	47%	47%
Other offshore loans	19%	17%
	66%	64%
Domestic bonds	5%	5%
Other onshore loans	29%	31%
	34%	36%
Total	100%	100%

Interest Rates Basis

	30 June 2020	31 December 2019
Floating rate	43%	33%
Fixed rate	57%	67%
Total	100%	100%

* Excluding perpetual capital securities (classified as equity)

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Certain of the Group's loans were on a fixed rate basis, which included, among the others, the following notes:

- (a) US\$500 million 4.7% guaranteed senior notes;
- (b) US\$400 million 7.75% guaranteed senior notes (subsequent to the reporting period, US\$15 million was cancelled following the repurchase);
- (c) US\$400 million 7.875% guaranteed senior notes;
- (d) RMB1,500 million 7% domestic bonds;
- (e) US\$480 million 6.7% guaranteed senior notes; and
- (f) US\$300 million 5.9% guaranteed senior notes (issued in March 2020).

Apart from the above loans, the Group also issued the following three senior guaranteed perpetual capital securities:

- (a) US\$300 million 7.95% senior guaranteed perpetual capital securities;
- (b) US\$300 million 7% senior guaranteed perpetual capital securities; and
- (c) US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities.

As at 30 June 2020, the net gearing ratio and the net capitalisation ratio of the Group were 67% and 40% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

Unaudited Consolidated Statement of Cash Flows

The table below summarised the major items of the unaudited condensed consolidated statement of cash flows of the Group for each of the six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	HK\$'million	HK\$'million
Payment for land leases	(4,034)	(2,605)
Net cash from (used in) operating activities, other than payment for land leases	1,815	(2,254)
Net cash from investing activities, other than payment for land leases	261	2,136
Net cash from financing activities	2,828	4,976
Effect of change in exchange rates	(117)	–
Cash and cash equivalents at 1 January	13,239	10,673
Cash and cash equivalents at 30 June	13,992	12,926

Payment for Land Leases (including Payment Through Joint Ventures Arrangement)

During the period, the payments of land premiums were mainly for projects newly acquired in Beijing, Suzhou and Changzhou. The details on new land parcels acquired are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment".

Net Cash from (used in) Operating Activities, other than Payment for Land Leases

The increase in net cash from operating activities as compared with the corresponding period of last year was mainly due to the deferral in tax payment by the Group due to the outbreak of the pandemic and a decrease in the deposits paid for the acquisition of land/property projects as compared with the corresponding period of last year.

Net Cash from Investing Activities, other than Payment for Land Leases

The decrease in net cash from investing activities was mainly due to the increase in the loans to non-controlling interests of subsidiaries of the Group during the period and a decrease in the cash distributed or dividends received from the infrastructure joint venture projects as compared with the corresponding period of last year due to the outbreak of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Net Cash from Financing Activities

The decrease in net cash from financing activities was mainly attributable to the deferral and decrease in new borrowings raised during the period as compared with the corresponding period of last year due to the outbreak of the pandemic at the beginning of the year.

Liquidity and Financial Resources

As at 30 June 2020, the equity attributable to owners of the Company was HK\$18,325 million (31 December 2019: HK\$18,866 million). Net assets per share attributable to owners of the Company was HK\$24.45 (31 December 2019: HK\$25.18).

As at 30 June 2020, the Group's total assets were HK\$94,805 million (31 December 2019: HK\$90,683 million) and bank balances and cash were HK\$14,983 million (31 December 2019: HK\$14,451 million), of which about 71% was denominated in Renminbi and the remaining 29% was mainly denominated in US dollars or HK dollars.

During the period under review, the Group drew down various offshore senior notes, offshore bank loans and project development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK\$9,218 million. The drawdown of new loans was offset by repayment of certain bank loans.

The Group continues to adopt prudent financing and treasury policies. The entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, exchange rate risk and financing costs. Going forward, the Group will continue to maintain healthy treasury strategy and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

Charges on Assets

As at 30 June 2020, bank balances of HK\$87 million (31 December 2019: HK\$722 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK\$10,223 million (31 December 2019: HK\$8,548 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. For minimising the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group has entered into range forward swap contracts for part of offshore US dollar debts. The Group will pay close attention to the impact of changes in Sino-US trade relations on exchange rate fluctuations, and will align foreign currency forward contracts to hedge the foreign exchange risks, when appropriate.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by Mainland China and the US governments continue to have a major impact on the Group's results and operation, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operation of the Group. For minimizing the impacts arisen from the fluctuation of the USD interest rate, the Group has entered into interest rate swap contracts for parts of offshore US dollar obligations.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to closely monitor the above risks and may arrange hedging against the risks exposed as and when necessary and appropriate.

Contingent Liabilities

As at 30 June 2020, the Group had provided guarantees of HK\$8,721 million (31 December 2019: HK\$7,977 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK\$2,651 million (31 December 2019: HK\$3,002 million) for banking facilities granted to the joint ventures of the Group as at 30 June 2020.

Details of the Group's undertaking for a property joint venture were set out in the subsection headed under "Financial Review of the Group".

Employees

Excluding the staff of joint ventures and associates, the Group had 5,007 employees as at 30 June 2020. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the period under review amounted to HK\$552 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option scheme. During the period under review, no share option was granted.

DIVIDEND

DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.20 (2019: HK\$0.30) per share for the six months ended 30 June 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 4 September 2020.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 30 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 September 2020 to Friday, 4 September 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered for the purpose of determining the entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 2 September 2020 for registration.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code. All the Directors of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2020.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2020, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(I) SHARES

Name of Directors	Nature of interest	Notes	Number of shares held		Percentage of holding % (Note 3)
			Long position	Short position	
Zen Wei Peu, Derek	Personal	1 & 2	24,649,000	–	3.29
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance is 1,000,000 shares of the Company held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 shares of the Company in issue as at 30 June 2020.

(II) UNDERLYING SHARES – SHARE OPTIONS

The share option scheme was adopted by the Company on 8 May 2013. Particulars of the share option scheme are set out in note 28 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2019.

During the six months ended 30 June 2020, there were no outstanding share options under the share option scheme.

(III) DEBENTURES OF ASSOCIATED CORPORATIONS

Name of Directors	Name of companies	Nature of interest	Type of debentures	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 ^(note) (long position)
Wong Wai Ho	RKP Overseas Finance 2016 (A) Limited	Personal	US\$300 million 7.95% senior guaranteed perpetual capital securities	US\$200,000 (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes due 2024	US\$200,000 (long position)

Note:

A principal amount of US\$400,000 of US\$300 million 7% senior guaranteed perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors of the Company or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

DISCLOSURE OF INTERESTS *(continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2020, the interests and short positions of every person, other than the Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Nature of interest	Number of shares held		Percentage of holding % (Note 11)
		Long position (Note 1)	Short position	
Wai Kee Holdings Limited (Note 2)	Interest in controlled corporation	328,336,428	–	43.82
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	328,336,428	–	43.82
Groove Trading Limited (Note 4)	Beneficial owner	73,608,000	–	9.82
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	251,728,428	–	33.59
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	251,728,428	–	33.59
ZWP Investments Limited (Note 6)	Beneficial owner	251,728,428	–	33.59
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.00
Brightful Investment Holding Limited (Note 10)	Beneficial owner	202,334,142	–	27.00

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee Holdings Limited is deemed to be interested in the shares of the Company through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 shares of the Company. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee Holdings Limited.
3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee (Zens) Holding Limited.
4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.
5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of ZWP Investments Limited.
7. 深業集團有限公司 (Shum Yip Group Limited*) (incorporated in the PRC) is deemed to be interested in the shares of the Company through its 100% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its approximately 63.66% interests in Shenzhen Investment Limited. Mr. Mou Yong is a director of Shum Yip Holdings Company Limited.
9. Shenzhen Investment Limited is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely Brightful Investment Holding Limited (formerly known as Hover Limited).
10. Brightful Investment Holding Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.
11. The percentage was calculated based on 749,336,566 shares of the Company in issue as at 30 June 2020.

Save as disclosed above, no other person (other than the Directors of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

* for identification purpose only

OTHER DISCLOSURES

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2020.

Subsequent to the reporting period and up to the date of this report, an aggregate principal amount of US\$15 million of US\$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited was cancelled following the repurchase by the Company.

CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. PURSUANT TO RULE 13.22 OF THE LISTING RULES:

- (a) A summary of aggregate financial information of the affiliated companies, based on the unaudited financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 30 June 2020, is as follows:

	At 30 June 2020 HK\$'million
Statement of Financial Position	
Non-current assets	8,964
Current assets	33,361
Current liabilities	(20,053)
Net current assets	13,308
Non-current liabilities	(15,140)
Net assets	7,132

OTHER DISCLOSURES *(continued)*

(b) Details of the affiliated companies are as follows:

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK\$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK\$'million
Hangzhou Junheng Real Estate Co., Ltd.*	49%	–	169
Hebei Jiantou Road King Urbanization Construction & Development Co., Ltd.*	45%	–	439
Tianjin Junda Corporate Management Co., Ltd.*	50%	–	439
Nanjing Jingrui Properties Investments Co., Ltd.*	25%	–	161
Guangzhou Runhe Real Estate Co., Ltd.*	30%	–	534
Shum King Company Limited	50%	677	2,323
Foshan Qihui Properties Co., Ltd.*	49%	–	1,019
Jinan Junsheng Properties Developments Co., Ltd.*	50%	–	880
Jinan Yajun Properties Developments Co., Ltd.*	50%	–	259
Hangzhou Junyuan Real Estate Co., Ltd.*	49%	–	10
Zhengzhou Junzheng Properties Developments Co., Ltd.*	49.9%	–	164
Suzhou Shengyue Properties Developments Co., Ltd.*	30%	–	32
Wuxi Jinfeng Investments Co., Ltd.*	33.3%	263	–
Holovis International Ltd	40%	–	58
PT Jasamarga Ngawi Kertosono Kediri <i>(note)</i>	40%	–	63
Anhui Machao Expressway Co., Ltd.* <i>(note)</i>	49%	275	34
		1,215	6,584

Note:

As at 30 June 2020, the interests in those infrastructure joint ventures are indirectly held by Road King Expressway International Holdings Limited, which is 75% held by the Group.

* for identification purpose only

OTHER DISCLOSURES *(continued)*

2. PURSUANT TO RULE 13.18 OF THE LISTING RULES:

Guaranteed Senior Notes and Senior Guaranteed Perpetual Capital Securities

The Company is obliged to make an offer to repurchase and redeem the following guaranteed senior notes and senior guaranteed perpetual capital securities then outstanding at a rate equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase, and together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it, respectively upon the occurrence of a change of control triggering event and a decline in the rating of the notes and the securities:

- (a) US\$500 million 4.7% notes due 2021 (issued in September 2016);
- (b) US\$400 million 7.75% notes due 2021 (issued in January 2019);
- (c) US\$400 million 7.875% notes due 2023 (issued in February 2019);
- (d) US\$480 million 6.7% notes due 2024 (issued in September 2019);
- (e) US\$300 million 5.9% notes due 2025 (issued in March 2020);
- (f) US\$300 million 7.95% perpetual capital securities (issued in February 2017);
- (g) US\$300 million 7% perpetual capital securities (issued in June 2017); and
- (h) US\$300 million 7.75% fixed-spread perpetual capital securities (issued in November 2019).

3. PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES:

Upon specific enquiry by the Company, save as disclosed below, there is no change in the information of the Directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report:

Name of Directors	Details of changes
Mr. Zen Wei Pao, William	He has tendered his resignation as an Executive Director of the Company with effect from 1 January 2021.
Mr. Mou Yong	He retired as an Executive Director of Shenzhen Investment Limited with effect from 26 May 2020.
Mr. Dong Fang	He was appointed as an Executive Director of Shenzhen Investment Limited with effect from 23 July 2020.
Mr. Lau Sai Yung	He entered into a letter of appointment with the Company for a period commencing from 10 May 2020 to 9 May 2023 or the date of the annual general meeting of the Company held in 2023, whichever is earlier.

Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

OTHER DISCLOSURES *(continued)*

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

ACKNOWLEDGEMENT

The Board expresses its sincere gratitude to the business partners, customers and shareholders for their enduring support, and thanks all staff for their dedication and hard work.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Zen Wei Pao, William (*Co-Chairman*)
Zen Wei Peu, Derek (*Co-Chairman*)
Ko Yuk Bing (*Deputy Chairman, Managing Director and Chief Executive Officer*)
Fong Shiu Leung, Keter (*Deputy Chief Executive Officer and Finance Director*)

NON-EXECUTIVE DIRECTORS

Mou Yong
Dong Fang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho

PROPERTY BUSINESS MANAGEMENT COMMITTEE

Ko Yuk Bing (*Chairman*)
Zen Wei Peu, Derek
Fong Shiu Leung, Keter
Chuk Wing Suet, Josephine
Zhang Nan
Diao Lu, Amy
Zhao Min
Tan Qi

AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)
Tse Chee On, Raymond
Wong Wai Ho

NOMINATION COMMITTEE

Zen Wei Pao, William (*Chairman*)
Lau Sai Yung
Wong Wai Ho

REMUNERATION COMMITTEE

Tse Chee On, Raymond (*Chairman*)
Zen Wei Pao, William
Zen Wei Peu, Derek
Lau Sai Yung
Wong Wai Ho

COMPANY SECRETARY

Fong Shiu Leung, Keter

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Beijing Global Law Office
Conyers, Dill & Pearman
Reed Smith Richards Butler

PRINCIPAL BANKERS

THE PRC

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited
PingAn Bank Co., Ltd.

HONG KONG

China CITIC Bank International Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

CORPORATE INFORMATION *(continued)*

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

SHARE LISTING

The Company's shares are listed on the main board of
The Stock Exchange of Hong Kong Limited
(Stock Code: 1098)

NOTES, SECURITIES AND BONDS LISTING

The following notes are listed on The Stock Exchange of
Hong Kong Limited

- US\$500 million 4.7% guaranteed senior notes due 2021 (Stock Code: 4309)

The following notes and securities are listed on the
Singapore Exchange Securities Trading Limited

- US\$400 million 7.75% guaranteed senior notes due 2021
- US\$400 million 7.875% guaranteed senior notes due 2023
- US\$480 million 6.7% guaranteed senior notes due 2024
- US\$300 million 5.9% guaranteed senior notes due 2025
- US\$300 million 7.95% senior guaranteed perpetual capital securities
- US\$300 million 7% senior guaranteed perpetual capital securities
- US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities

The following bonds are listed on the Shanghai Stock
Exchange

- RMB1.5 billion 7% domestic bonds due 2021

INVESTOR RELATIONS

Contact Persons: Lee Tak Fai, Kennedy
Tsoi Yuk Gee, Melissa
Telephone: (852) 2957 6800
Facsimile: (852) 2375 2477
E-mail address: ir@roadking.com.hk

WEBSITES

<http://www.roadking.com.hk>
<http://www.rkph.com>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue			
Property sales and service income	4(a)	8,116,249	6,704,490
Other revenue		68,109	151,140
Total revenue	4(c)	8,184,358	6,855,630
Cost of sales		(5,591,447)	(4,128,259)
Gross profit		2,592,911	2,727,371
Interest income		196,893	315,762
Other income		48,716	57,270
Other gains and losses	6	(96,613)	19,818
Selling expenses		(280,294)	(270,358)
Administrative expenses		(496,972)	(486,136)
Share of results of associates		(2,731)	(8,539)
Share of results of joint ventures	7	206,687	409,912
Finance costs	8	(554,500)	(490,474)
Profit before taxation	9	1,614,097	2,274,626
Income tax expenses	10	(822,457)	(1,074,621)
Profit for the period		791,640	1,200,005
Profit attributable to:			
Owners of the Company		430,034	868,335
Owners of perpetual capital securities		264,587	174,915
Non-controlling interests of subsidiaries		97,019	156,755
		791,640	1,200,005
Earnings per share	12		
– Basic		HK\$0.57	HK\$1.16
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Profit for the period	791,640	1,200,005
Other comprehensive (expense) income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Fair value losses on hedging instruments designated in cash flow hedges	(95,429)	–
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	(245,521)	17,156
Other comprehensive (expense) income for the period	(340,950)	17,156
Total comprehensive income for the period	450,690	1,217,161
Total comprehensive income attributable to:		
Owners of the Company	118,211	885,491
Owners of perpetual capital securities	264,587	174,915
Non-controlling interests of subsidiaries	67,892	156,755
	450,690	1,217,161

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		176,118	183,361
Right-of-use assets		142,343	162,712
Investment properties	13	3,868,612	3,813,082
Interests in associates		1,279,617	908,599
Interests in joint ventures	14	12,282,222	11,898,547
Amounts due from joint ventures	16	6,964,848	7,216,954
Loan receivables		1,037,083	1,043,766
Financial assets at fair value through profit or loss ("FVTPL")		388,332	361,567
Deferred tax assets		189,384	133,505
Long-term prepayments	17	–	36,867
		26,328,559	25,758,960
Current assets			
Inventory of properties	15	43,416,301	39,320,944
Prepayment for land leases		1,681,718	2,142,964
Amounts due from joint ventures	16	2,404,826	3,243,624
Amounts due from non-controlling interests of subsidiaries		1,191,497	–
Loan receivables		501,051	426,168
Debtors, deposits and prepayments	17	2,533,288	3,310,290
Prepaid income tax		1,505,578	1,170,993
Financial assets at FVTPL		172,532	136,086
Pledged bank deposits	18	86,709	721,760
Bank balances and cash	18	14,982,863	14,450,838
		68,476,363	64,923,667
Total assets		94,804,922	90,682,627

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	74,934	74,934
Reserves		18,249,910	18,791,115
		18,324,844	18,866,049
Perpetual capital securities	20	6,953,636	6,961,919
Non-controlling interests of subsidiaries		3,907,480	2,736,049
		29,185,960	28,564,017
Non-current liabilities			
Bank and other borrowings	21	21,879,473	21,822,290
Deferred tax liabilities		1,096,311	1,058,752
Derivative financial instruments	22	95,429	–
Lease liabilities		124,465	141,566
		23,195,678	23,022,608
Current liabilities			
Creditors and accrued charges	23	9,130,271	10,400,432
Amounts due to joint ventures and associates		2,662,793	2,897,818
Amounts due to non-controlling interests of subsidiaries		1,798,509	2,763,049
Contract liabilities		10,474,430	8,481,912
Lease liabilities		28,369	27,087
Income tax payable		5,171,756	5,797,741
Bank and other borrowings	21	12,727,031	8,319,005
Other financial liabilities	24	430,125	408,958
		42,423,284	39,096,002
Total equity and liabilities		94,804,922	90,682,627

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company											
	Share capital	Share premium	Foreign currency translation reserve	Special reserve	Other reserve	Statutory reserve	Cash flow hedging reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests of subsidiaries	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019 (audited)	74,934	3,224,794	740,874	1,260,000	1,002,963	2,740,487	-	8,354,011	17,398,063	4,632,638	2,736,741	24,767,442
Profit for the period	-	-	-	-	-	-	-	868,335	868,335	174,915	156,755	1,200,005
Exchange differences arising on translation to presentation currency	-	-	17,156	-	-	-	-	-	17,156	-	-	17,156
Total comprehensive income for the period	-	-	17,156	-	-	-	-	868,335	885,491	174,915	156,755	1,217,161
Sub-total	74,934	3,224,794	758,030	1,260,000	1,002,963	2,740,487	-	9,222,346	18,283,554	4,807,553	2,893,496	25,984,603
Release upon deregistration of subsidiaries of the Company	-	-	(19,468)	-	-	-	-	19,468	-	-	-	-
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	32,564	32,564
Distributions paid for perpetual capital securities	-	-	-	-	-	-	-	-	-	(174,959)	-	(174,959)
Dividend (note 11)	-	-	-	-	-	-	-	(659,416)	(659,416)	-	-	(659,416)
Balance at 30 June 2019 (unaudited)	74,934	3,224,794	738,562	1,260,000	1,002,963	2,740,487	-	8,582,398	17,624,138	4,632,594	2,926,060	25,182,792
Balance at 1 January 2020 (audited)	74,934	3,224,794	36,126	1,260,000	1,002,963	3,397,558	-	9,869,674	18,866,049	6,961,919	2,736,049	28,564,017
Profit for the period	-	-	-	-	-	-	-	430,034	430,034	264,587	97,019	791,640
Fair value losses on hedging instruments (note 22)	-	-	-	-	-	-	(95,429)	-	(95,429)	-	-	(95,429)
Exchange differences arising on translation to presentation currency	-	-	(216,394)	-	-	-	-	-	(216,394)	-	(29,127)	(245,521)
Total comprehensive (expense) income for the period	-	-	(216,394)	-	-	-	(95,429)	430,034	118,211	264,587	67,892	450,690
Sub-total	74,934	3,224,794	(180,268)	1,260,000	1,002,963	3,397,558	(95,429)	10,299,708	18,984,260	7,226,506	2,803,941	29,014,707
Expenses paid for perpetual capital securities	-	-	-	-	-	-	-	-	-	(7,805)	-	(7,805)
Acquisition of a subsidiary (note 25)	-	-	-	-	-	-	-	-	-	-	380,356	380,356
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	723,183	723,183
Distributions paid for perpetual capital securities	-	-	-	-	-	-	-	-	-	(265,065)	-	(265,065)
Dividend (note 11)	-	-	-	-	-	-	-	(659,416)	(659,416)	-	-	(659,416)
Balance at 30 June 2020 (unaudited)	74,934	3,224,794	(180,268)	1,260,000	1,002,963	3,397,558	(95,429)	9,640,292	18,324,844	6,953,636	3,907,480	29,185,960

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Operating activities:			
Operating cash flows before movements in working capital		1,898,109	2,018,861
Payment for land leases		(2,964,683)	(1,718,446)
Decrease in debtors, deposits and prepayments		1,742,329	485,093
Decrease in inventory of properties		1,963,641	66,011
Decrease in contract liabilities		(1,228,823)	(1,317,557)
Decrease in creditors and accrued charges		(931,939)	(1,333,518)
Cash generated from (used in) operations		478,634	(1,799,556)
Income tax paid		(1,628,812)	(2,173,332)
Net cash used in operating activities		(1,150,178)	(3,972,888)
Investing activities:			
Cash distributions/dividends received from joint ventures		25,328	225,795
Proceeds on disposal of investment properties		–	89,623
Net cash inflow from acquisition of subsidiaries	25	59,112	386,887
Capital contributions to joint ventures		(1,196,743)	(265,235)
Advances to non-controlling interests of subsidiaries		(1,191,497)	–
Advances to joint ventures		(1,013,244)	(2,057,635)
Repayment from joint ventures		2,209,175	2,790,314
Decrease in pledged bank deposits		635,051	6,510
Decrease in restricted bank balances		221,310	128,657
Settlement of consideration payables		(528,097)	–
Other investing cash flows		(28,364)	(55,908)
Net cash (used in) from investing activities		(807,969)	1,249,008

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Financing activities:			
New borrowings raised		9,217,856	11,410,747
Repayment of borrowings		(4,575,171)	(5,284,722)
Capital contributions from non-controlling interests of subsidiaries		723,183	32,564
Advances from non-controlling interests of subsidiaries		24,743	–
Repayment to non-controlling interests of subsidiaries		(1,086,507)	–
Advances from joint ventures and associates		1,101,225	638,898
Repayment to joint ventures and associates		(444,663)	(267,989)
Interest paid		(1,180,489)	(702,347)
Dividend paid		(659,416)	(659,416)
Distributions paid for perpetual capital securities		(265,065)	(174,959)
Expenses paid for perpetual capital securities		(7,805)	–
Repayment of lease liabilities		(19,770)	(16,323)
Net cash from financing activities		2,828,121	4,976,453
Net increase in cash and cash equivalents		869,974	2,252,573
Cash and cash equivalents at 1 January		13,238,530	10,673,126
Effect of foreign exchange rate changes		(116,639)	–
Cash and cash equivalents at 30 June		13,991,865	12,925,699
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	18	14,982,863	13,917,151
Less: restricted bank balances	18	(990,998)	(991,452)
		13,991,865	12,925,699

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Certain comparative figures have been reclassified to conform to the current period’s presentation.

2. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Ministry of Transport in Mainland China waived road and expressway toll fees nationally by extending 9 days toll free period after the Chinese New Year holidays and suspending toll collection from 17 February 2020 to 5 May 2020. In addition, the pandemic also caused the drop in market rent rate. As such, the financial position and performance of the Group were affected in different aspects, including decrease in the Group’s share of profits of infrastructure joint ventures as a result of a decrease in the Group’s share of toll revenue of infrastructure joint ventures and decrease in fair value of investment properties as disclosed in the relevant notes.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

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

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

3.2 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

3.2 Accounting policies newly applied by the Group *(Continued)*

Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion, if any, is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

3.2 Accounting policies newly applied by the Group *(Continued)*

Hedge accounting (Continued)

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4. REVENUE

(a) REVENUE FROM CONTRACTS WITH CUSTOMERS

By segment	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Types of goods or services						
Property sales	7,793,003	91,600	7,884,603	6,474,097	–	6,474,097
Property management and other service income	227,370	4,276	231,646	223,987	6,406	230,393
Total	8,020,373	95,876	8,116,249	6,698,084	6,406	6,704,490
Geographical market						
Mainland China	8,020,373	95,876	8,116,249	6,698,084	6,406	6,704,490
Timing of revenue recognition						
Goods recognised at a point in time	7,793,003	91,600	7,884,603	6,474,097	–	6,474,097
Services recognised over time	227,370	4,276	231,646	223,987	6,406	230,393
Total	8,020,373	95,876	8,116,249	6,698,084	6,406	6,704,490

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

4. REVENUE *(Continued)*

(b) SET OUT BELOW IS THE RECONCILIATION OF THE REVENUE FROM CONTRACTS WITH CUSTOMERS WITH THE AMOUNTS DISCLOSED IN THE SEGMENT INFORMATION

By segment	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Revenue from contracts with customers (note 4(a))	8,020,373	95,876	8,116,249	6,698,084	6,406	6,704,490
Fund investment income (note)	-	16,965	16,965	-	82,950	82,950
Gross rental and other income from commercial properties	49,991	1,153	51,144	58,290	9,900	68,190
Other revenue	49,991	18,118	68,109	58,290	92,850	151,140
Total revenue of the Group (note 5)	8,070,364	113,994	8,184,358	6,756,374	99,256	6,855,630

Note: It represents interest revenue on loan receivables calculated by using effective interest method.

(c) TOTAL REVENUE OF THE GROUP

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Property sales and service income	8,116,249	6,704,490
Fund investment income	16,965	82,950
Gross rental and other income from commercial properties	51,144	68,190
Total revenue of the Group	8,184,358	6,855,630
Group's share of revenue of property joint ventures and associates	2,710,513	1,729,108
Group's share of toll revenue of infrastructure joint ventures	398,030	792,934
Revenue of the Group and Group's share of revenue of joint ventures and associates	11,292,901	9,377,672

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of performance, are as follows:

Property development and investment	– development of properties for sale and for rental income potential and/or capital appreciation
Toll road	– development, operation and management of toll roads
Investment and asset management	– property development and investment, integrated with fund, cultural, tourist and commercial, entertainment and content development businesses

The following is an analysis of the Group's revenue, profit (loss), assets and liabilities by operating and reportable segments for the periods under review:

	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Segment revenue	8,070,364	-	113,994	8,184,358	6,756,374	-	99,256	6,855,630
Segment profit (loss)	1,060,164	5,008	(226,818)	838,354	965,637	343,582	(102,743)	1,206,476

	At 30 June 2020				At 31 December 2019			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Segment assets (including interests in joint ventures and associates)	78,567,612	5,558,140	8,210,307	92,336,059	74,550,446	5,816,752	8,338,346	88,705,544
Segment liabilities	(60,192,148)	(307,127)	(3,061,533)	(63,560,808)	(56,494,074)	(374,406)	(3,455,149)	(60,323,629)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

(a) MEASUREMENT

Segment profit (loss) represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, net (losses) gains on disposals/written off of property, plant and equipment, impairment loss on long-term prepayments, fair value (losses) gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of financial assets at FVTPL, net exchange losses, depreciation of property, plant and equipment, depreciation of right-of-use assets, interest expenses on lease liabilities, relevant interest income, finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarters' income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, right-of-use assets, investment properties, interests in associates, interests in joint ventures, long-term prepayments, inventory of properties, prepayment for land leases, amounts due from joint ventures, amounts due from non-controlling interests of subsidiaries, loan receivables, debtors, deposits and prepayments, prepaid income tax, financial assets at FVTPL, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, lease liabilities, amounts due to joint ventures and associates, amounts due to non-controlling interests of subsidiaries, contract liabilities, income tax payable, bank and other borrowings, other financial liabilities, derivative financial instruments and deferred tax liabilities which are directly attributable to the relevant reportable segment.

(b) RECONCILIATION OF TOTAL SEGMENT PROFIT, TOTAL SEGMENT ASSETS AND TOTAL SEGMENT LIABILITIES

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Total segment profit	838,354	1,206,476
Unallocated items:		
Interest income	9,510	25,080
Corporate income	–	7,522
Corporate expenses	(14,963)	(7,083)
Finance costs	(41,261)	(31,990)
Consolidated profit for the period	791,640	1,200,005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

(b) RECONCILIATION OF TOTAL SEGMENT PROFIT, TOTAL SEGMENT ASSETS AND TOTAL SEGMENT LIABILITIES *(Continued)*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Total segment assets	92,336,059	88,705,544
Unallocated assets:		
Property, plant and equipment	6	10
Right-of-use assets	29,924	32,731
Deposits and prepayments	25,782	18,093
Financial assets at FVTPL	20,249	13,610
Bank balances and cash	2,392,902	1,912,639
Consolidated total assets	94,804,922	90,682,627
Total segment liabilities	(63,560,808)	(60,323,629)
Unallocated liabilities:		
Accrued charges	(5,491)	(6,800)
Bank and other borrowings	(2,021,800)	(1,754,805)
Lease liabilities	(30,863)	(33,376)
Consolidated total liabilities	(65,618,962)	(62,118,610)

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Net exchange losses	(56,090)	(7,437)
Change in fair value of financial assets at FVTPL – relating to the foreign currency forward contracts	66,858	31,020
	10,768	23,583
Net (losses) gains on disposals/written off of property, plant and equipment	(9)	952
Impairment loss on long-term prepayments	(36,626)	(34,286)
Fair value (losses) gains on transfer of completed properties held for sale to investment properties	(7,038)	3,796
Change in fair value of investment properties	(63,708)	25,773
	(96,613)	19,818

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

7. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	147,651	612,069
Less share of:		
Amortisation of toll road operation rights	(129,386)	(127,048)
Income tax expenses	(10,095)	(107,433)
	8,170	377,588
Share of profits of other joint ventures	198,517	32,324
	206,687	409,912

8. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Interest on borrowings	1,187,605	777,914
Interest on lease liabilities	4,266	3,522
Other interest and finance costs	108,513	234,381
	1,300,384	1,015,817
Less: Capitalised in properties under development for sale	(745,884)	(525,343)
	554,500	490,474

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of right-of-use assets	20,431	16,051
Depreciation of property, plant and equipment	13,440	9,277
	33,871	25,328
Less: Capitalised in properties under development for sale	(123)	(328)
	33,748	25,000
and after crediting:		
Bank interest income	61,698	64,800

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	537,183	489,046
PRC land appreciation tax ("LAT")	281,375	483,542
PRC withholding tax	–	19,042
	818,558	991,630
Deferred tax:		
Current period	3,899	82,991
	822,457	1,074,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. INCOME TAX EXPENSES *(Continued)*

No provision for Hong Kong profits tax has been made as there was no assessable profit derived from Hong Kong.

The EIT is calculated at a statutory tax rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant tax laws and regulations of the PRC, which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

11. DIVIDEND PAID

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
2019 final dividend paid of HK\$0.88 (six months ended 30 June 2019: 2018 final dividend paid of HK\$0.88) per share	659,416	659,416

An interim dividend in respect of 2020 of HK\$0.20 (six months ended 30 June 2019: HK\$0.30) per share amounting to a total of approximately HK\$150 million (six months ended 30 June 2019: HK\$225 million) was declared by the Board of Directors on 18 August 2020. This interim dividend has not been included as a liability in these condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend was calculated on the basis of 749,336,566 shares in issue as at 18 August 2020.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Earnings for the purposes of basic earnings per share attributable to owners of the Company	430,034	868,335

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. EARNINGS PER SHARE *(Continued)*

	Six months ended 30 June	
	2020 Number of shares '000	2019 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	749,337	749,337

No diluted earnings per share for the six months ended 30 June 2020 and 2019 were presented as there were no dilutive potential ordinary shares in issue for both interim periods.

13. INVESTMENT PROPERTIES

	HK\$'000
Completed properties, at fair value	
At 1 January 2020	3,813,082
Addition during the period	803
Transfer from completed properties held for sale (note)	155,144
Change in fair value recognised in profit or loss	(63,708)
Exchange difference arising on translation to presentation currency	(36,709)
At 30 June 2020	3,868,612

Note: The amount included HK\$7,038,000 of fair value losses on transfer from completed properties held for sale to investment properties.

The fair values of completed investment properties at the date of transfer, 30 June 2020 and 31 December 2019 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who had recognised qualifications and relevant experience. The valuation reports on these properties were signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors. The fair values of the completed investment properties were determined by reference to capitalised income to be derived from the existing tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The investment properties are situated in the PRC. The leasehold interests in land held by the Group as right-of-use assets to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. INTERESTS IN JOINT VENTURES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	5,611,613	5,499,873
Return of cost of investments (note (a))	(3,211,530)	(3,186,202)
Share of post-acquisition profits, net of dividends received	1,497,509	1,522,963
Exchange adjustments	323,432	429,690
	4,221,024	4,266,324
Interests in property and other joint ventures		
Cost of investments	7,763,610	7,518,053
Share of post-acquisition profits, net of dividends received	864,902	625,442
Unrealised profits (note (b))	(162,765)	(122,127)
Exchange adjustments	(404,549)	(389,145)
	8,061,198	7,632,223
	12,282,222	11,898,547

Notes:

- (a) Pursuant to the joint venture agreements, the infrastructure joint ventures distribute the cash surplus to the Group and the other ventures based on the agreed net cash distribution. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.
- (b) The unrealised profit related to the Group's attributable interest income from amounts due from certain joint ventures. The related interest expenses were capitalised in inventory of properties of the joint ventures which have not been realised at 30 June 2020.
- (c) In March 2017, the Group entered into an undertaking agreement with an independent third party (the land provider) pursuant to which the Company undertakes for a prompt settlement of 50% of the outstanding debts incurred by a joint venture of the Group for a property development project in Hong Kong. The remaining 50% of the outstanding debts incurred by the joint venture is borne by the joint venture partner. At 30 June 2020, the carrying amount of the liabilities of the joint venture undertaken by the Group was approximately HK\$2,735,887,000 (31 December 2019: HK\$2,728,509,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

- (d) In September 2019, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 40% equity interest in PT Jasamarga Solo Ngawi ("SN JV") and PT Jasamarga Ngawi Kertosono Kediri ("NKK JV"), both are limited liability companies established in Indonesia. SN JV and NKK JV own concession right of toll roads in Indonesia. The approval of the relevant activities of SN JV and NKK JV require unanimous consent of the three joint venture partners and SN JV and NKK JV are accounted for as joint ventures of the Group. The acquisition was completed on 18 December 2019.

The total consideration for the acquisition of equity interests and shareholders loans of the two joint ventures are IDR1,882,000,000,000 (equivalent to HK\$1,049,067,000) and IDR283,470,000,000 (equivalent to HK\$158,012,000), respectively in which IDR1,940,670,000,000 (equivalent to HK\$1,089,185,000) has been paid by the Group before 30 June 2020 and the remaining consideration of IDR224,800,000,000 (equivalent to HK\$117,894,000) (31 December 2019: IDR224,800,000,000 (equivalent to HK\$125,308,000)) will be settled by the Group before the end of 2020 and included in other payables.

On 23 December 2019, shareholders loans to NKK JV amounting to IDR167,482,000,000 (equivalent to HK\$93,358,000) were capitalised to cost of investment in joint venture as capital contributions to NKK JV. The shareholders loan capitalisation in NKK JV is in proportion to the shareholding of respective shareholders.

The acquisition of SN JV includes contingent consideration arrangement, and the payment of such contingent consideration depends on the achievement of toll road tariff adjustment and receipt of cash compensation from the local government before year 2022, which has high level of uncertainty at the date of acquisition and at the end of the reporting period. In the opinion of the Directors, the fair value of such contingent consideration is considered as insignificant on both dates. The fair value of the contingent consideration and the toll concession right of NKK JV are provisionally determined, which may be adjusted retrospectively at acquisition date if there is new information obtained by the Group within one year from date of acquisition in relation to the above mentioned tariff adjustment and cash compensation.

15. INVENTORY OF PROPERTIES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Completed properties held for sale	7,374,131	8,387,929
Properties under development for sale (note)	36,042,170	30,933,015
	43,416,301	39,320,944

Note: Included in the amounts are properties under development for sale of HK\$24,664,989,000 (31 December 2019: HK\$22,263,524,000) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. AMOUNTS DUE FROM JOINT VENTURES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Amounts due from joint ventures (note)	9,369,674	10,460,578
Current portion	2,404,826	3,243,624
Non-current portion	6,964,848	7,216,954
	9,369,674	10,460,578

Note: The amounts due from joint ventures are all unsecured. The Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sales status of the property projects of property joint ventures and the performance of the infrastructure joint ventures. Included in the balances at 30 June 2020, HK\$3,657,358,000 (31 December 2019: HK\$3,890,316,000) were interest-free and the remaining portion were interest bearing either at fixed rate or variable rate by reference to lending rate set by the People's Bank of China ("PBOC") or China Loan Prime Rate.

17. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	50,384	38,702
61 to 90 days	14,279	5,281
More than 90 days	62,953	44,715
Trade debtors from contracts with customers derived from goods and services	127,616	88,698
Prepayment for land development cost (note (b))	550,661	555,556
Deposits paid for acquisition of inventory of properties (note (c))	1,006,674	1,915,051
Prepayment of value added tax and other taxes	195,545	138,468
Prepayment for property, plant and equipment and investment properties	–	36,867
Other receivables, deposits and prepayments	652,792	612,517
Total debtors, deposits and prepayments	2,533,288	3,347,157
Less: Amounts classified as non-current assets	–	(36,867)
Amounts classified as current assets	2,533,288	3,310,290

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes:

- (a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. Consideration will be fully received prior to the delivery of the properties to the property purchasers.
- (b) In January 2016, the Group entered into an agreement with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC (the "Contracting Parties") pursuant to which the Group will pay not more than RMB500,000,000 to the Contracting Parties to settle the debts of Contracting Parties and for the severance payments and labour compensation of the Contracting Parties such that the land can be cleared up and its use can be changed from industrial to residential purpose and put into public auction. At 30 June 2020, prepayment of land development cost of HK\$550,661,000 (31 December 2019: HK\$555,556,000) has been fully paid in prior years. According to the agreement, if the Group cannot obtain the land through the public auction, the prepayment will be refunded in full and a daily interest of 0.03% on the prepaid amount will be received. During the period ended 30 June 2020, the Group has been actively negotiating with the local government which supports to expedite the whole land development progress with the approval from relevant local authorities or repayment of the prepaid land development cost.
- (c) The amounts at 30 June 2020 represent deposits for acquisition of property development projects in the PRC, which will be fully refunded if the Group cannot acquire the land/property projects successfully. Subsequent to the reporting period, one piece of land was successfully obtained by the Group in the public auction in the PRC and the tender deposits of HK\$387,666,000 has been transferred to the inventory of property.

18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$86,709,000 (31 December 2019: HK\$721,760,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and bank borrowings granted to the Group.

Included in bank balances and cash, bank balances of HK\$990,998,000 (31 December 2019: HK\$1,212,308,000) were restricted to be used in the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group according to the relevant regulations in Hong Kong and Mainland China.

Bank balances carry interest at market rates which range from 0.01% to 3.23% (31 December 2019: 0.01% to 4.2%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

19. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	52
Issued and fully paid:		
Ordinary shares		
At 1 January 2020 and 30 June 2020	749,336,566	74,934

20. PERPETUAL CAPITAL SECURITIES

	Notes	30 June 2020 HK\$'000	31 December 2019 HK\$'000
2017 February perpetual capital securities	(a)	2,348,517	2,349,155
2017 June perpetual capital securities	(a)	2,283,326	2,283,328
2019 November perpetual capital securities	(b)	2,321,793	2,329,436
		6,953,636	6,961,919

Notes:

- (a) In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US\$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US\$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. Both capital securities were then listed on the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

20. PERPETUAL CAPITAL SECURITIES *(Continued)*

Notes: *(Continued)*

- (b) In November 2019, a wholly-owned subsidiary of the Company issued US\$300 million 7.75% senior guaranteed perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is a subject to reset at the reset date falling immediately after the first call date and each day falling every five calendar years after the first call date. The reset distribution rate is equal to the sum of 6.003% and the Treasury Rate as defined in the terms and conditions of the perpetual securities. The capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

Additional information for the perpetual capital securities is as follows:

List of perpetual capital securities	Listing date	First call date*
2017 February perpetual capital securities	20 February 2017	17 February 2022
2017 June perpetual capital securities	27 June 2017	23 June 2022
2019 November perpetual capital securities	19 November 2019	18 November 2024

* The issuers may redeem the perpetual capital securities on or after the first call date.

21. BANK AND OTHER BORROWINGS

	Notes	30 June 2020 HK\$'000	31 December 2019 HK\$'000
2016 September guaranteed senior notes	(a)	3,920,793	3,941,165
2019 January guaranteed senior notes	(b)	3,136,198	3,149,268
2019 February guaranteed senior notes	(c)	3,179,467	3,196,154
2019 September guaranteed senior notes	(d)	3,736,856	3,756,344
2020 March guaranteed senior notes	(e)	2,349,619	–
2019 Domestic bonds	(f)	1,688,242	1,631,989
Bank loans	(g)	15,904,262	12,630,802
Other loans	(h)	691,067	1,835,573
		34,606,504	30,141,295

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

21. BANK AND OTHER BORROWINGS *(Continued)*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
The maturity of the above loans is as follows:		
Unsecured borrowings repayable*:		
Within one year	5,524,801	979,969
More than one year but not exceeding two years	5,948,673	10,086,512
More than two years but not exceeding five years	11,641,911	8,313,560
	23,115,385	19,380,041
Secured borrowings repayable*:		
Within one year	6,502,230	6,639,036
More than one year but not exceeding two years	2,592,835	2,392,033
More than two years but not exceeding five years	987,265	833,985
More than five years	708,789	196,200
	10,791,119	10,061,254
Carrying amounts of unsecured bank loans contain a repayable on demand clause		
– repayable within one year	200,000	200,000
– repayable more than two years but not exceeding five years (shown under current liabilities)	500,000	500,000
Total borrowings	34,606,504	30,141,295
Less: Amounts classified as current liabilities	(12,727,031)	(8,319,005)
Amounts due over one year shown and classified as non-current liabilities	21,879,473	21,822,290

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

21. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (a) The 2016 September guaranteed senior notes with an outstanding principal amount of US\$500,000,000 (31 December 2019: US\$500,000,000) are listed on the Stock Exchange and were issued in September 2016. The notes, bearing interest at a fixed rate of 4.7% per annum, will mature in September 2021.
- (b) The 2019 January guaranteed senior notes with an outstanding principal amount of US\$400,000,000 (31 December 2019: US\$400,000,000) are listed on the Singapore Exchange and were issued in January 2019. The notes, bearing interest at a fixed rate of 7.75% per annum, will mature in April 2021.
- (c) The 2019 February guaranteed senior notes with an outstanding principal amount of US\$400,000,000 (31 December 2019: US\$400,000,000) are listed on the Singapore Exchange and were issued in February 2019. The notes, bearing interest at a fixed rate of 7.875% per annum, will mature in February 2023.
- (d) The 2019 September guaranteed senior notes with an outstanding principal amount of US\$480,000,000 (31 December 2019: US\$480,000,000) are listed on the Singapore Exchange and were issued in September 2019. The notes, bearing interest at a fixed rate of 6.7% per annum, will mature in September 2024.
- (e) The 2020 March guaranteed senior notes with an outstanding principal amount of US\$300,000,000 are listed on the Singapore Exchange and were issued in March 2020. The notes, bearing interest at a fixed rate of 5.9% per annum, will mature in March 2025.
- (f) The Group has issued 2019 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 (31 December 2019: RMB1,500,000,000) in September 2019. The bonds are listed on the Shanghai Stock Exchange, bearing interest at a fixed rate of 7% per annum and have a term of third years with the Group's option to adjust the coupon rate after the end of the second year of issuance and the investors' entitlement to require the Group to repurchase the bonds at the principal amount.
- (g) At 30 June 2020, bank loans with carrying amount of HK\$8,280,714,000 (31 December 2019: HK\$5,004,119,000) bear a floating interest rate based on either PBOC or China Loan Prime Rate plus a specified margin, ranging from 4.55% to 7.13% (31 December 2019: 4.61% to 7.13%) per annum. At 30 June 2020, bank loans with carrying amount of HK\$1,132,159,000 (31 December 2019: HK\$2,564,347,000) bear interest at fixed rates of 4.89% – 10% (31 December 2019: 6% – 10%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus a specified margin, ranging from 1.79% to 5.68% (31 December 2019: 2.35% to 5.68%) per annum.
- (h) At 30 June 2020, other loans with carrying amount of HK\$691,067,000 (31 December 2019: HK\$1,835,573,000) bear interest at a fixed rate ranging from 12% to 18% (31 December 2019: 9.98% to 18%) per annum and are mainly borrowed from certain trust companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Derivative financial liabilities (under hedge accounting)		
Cash flow hedges		
– Interest rate swaps	95,429	–

During the period ended 30 June 2020, the Group had entered into certain interest rate swaps designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on its USD borrowings.

The terms of the interest rate swaps have been negotiated to match the terms of the respective designated hedging items and the Directors consider that the interest rate swaps are effective hedging instruments. The major terms of these swaps as at 30 June 2020 are as follows:

Notional amount	US\$300,000,000
Maturity date	18 November 2024
Strike rate (fixed rate range)	1.6% – 1.75%

All of the above interest rate swaps are designated and effective as cash flow hedges. The fair value losses of the above interest rate swaps amounting to HK\$95,429,000 (six months ended 30 June 2019: nil) are recognised in other comprehensive expense and accumulated under the cash flow hedging reserve at 30 June 2020.

23. CREDITORS AND ACCRUED CHARGES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Aged analysis of creditors presented based on invoice dates:		
Trade payables		
Within 60 days	781,366	836,751
61 to 90 days	54,404	31,576
More than 90 days	888,926	1,115,718
	1,724,696	1,984,045

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

23. CREDITORS AND ACCRUED CHARGES *(Continued)*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Bills payables		
Within 60 days	4,885	5,375
61 to 90 days	10	5,146
More than 90 days	1,116	6,388
	6,011	16,909
Accrued construction costs	4,433,862	4,786,513
	6,164,569	6,787,467
Accrued taxes (other than EIT and LAT)	703,092	718,887
Consideration payable from acquisition of subsidiaries and joint ventures	433,183	969,825
Dividend payable to non-controlling interest of subsidiaries	199,119	225,000
Other payables	1,630,308	1,699,253
	9,130,271	10,400,432

24. OTHER FINANCIAL LIABILITIES

According to an investment agreement and shareholders' agreement ("Agreements") dated 4 July 2019 entered by an independent investor (the "Investor") and the Group, the Investor has acquired 26.32% shareholding in Best Key Ventures Limited ("Best Key"), a wholly-owned subsidiary of the Company and the total cash consideration paid by the Investor is US\$50,000,000. The transaction was completed in July 2019.

Based on the Agreements, the Investor has the option to put the shares back to the Group at the end of 3 years from the date of the shareholders' agreement i.e. 31 July 2019 (the "Put Option") and the Investor has the option to put the shares back to the Group after two years if the profit target of Best Key cannot be met and the consideration is the original investment amount paid by the Investor compounded at an annual rate of return of 12% (the "Cash Compensation Option"). For any of the occurrence of the mandatory purchase events as defined in the shareholders' agreement, the Investor has the option to put the shares back to the Group and the consideration is the original investment amount paid by the Investor compounded at an annual rate of return of 12% (the "Mandatory Purchase Option"). If the Investor does not exercise any of its put options and the profit target is not met by the end of 3 years, the Group is required to transfer a variable number of the shares of Best Key held by the Group to the Investor at nil consideration (the "Shares Compensation"). Once the Investor has put the shares back to the Group (the "Disposal"), if Best Key submits an initial public offering application within one year of the Disposal, the Investor has an option (the "Re-entry Buy-back Option") to buy back the disposed shares at the same amount as that received by the Investor from the Disposal ("Re-entry Shares"). If the initial public offering does not occur within one year of the buyback of the Re-entry Shares, the Investor has option (the "Re-entry Put Option") to put these shares back at the amount paid for the Re-entry Shares compounded at an annual rate of return of 12%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

24. OTHER FINANCIAL LIABILITIES *(Continued)*

As the Agreements contain an obligation for the Group to purchase its own equity instruments for cash, the Group recognised a financial liability for the present value of the expected redemption amount using an effective interest rate of 12% per annum which amounted to US\$50,000,000 (equivalent to HK\$390,000,000) at initial recognition. The financial liability is subsequently measured at amortised cost. The Cash Compensation Option and the Mandatory Purchase Option are considered as closely related to the host financial liability and the fair value of Shares Compensation, Re-entry Buy-back Option and Re-entry Put Option at the date of inception of agreements and the end of reporting period are considered by the Directors as insignificant.

25. ACQUISITION OF A SUBSIDIARY

常州勁雅房地產開發有限公司（「常州勁雅」）was accounted for as a 51%-interest joint venture of the Group. In June 2020, all shareholders of 常州勁雅 entered into a supplementary agreement. By execution of the supplementary agreement, all of the relevant activities of 常州勁雅, including all the strategic financial and operating decisions required approval by simple majority of the board of directors, of which three directors and two directors are nominated by the Group and the other shareholder, respectively. Since the Group obtained effective control of voting power to govern the relevant activities of 常州勁雅, 常州勁雅 became a subsidiary of the Group in June 2020 upon the effective date of the supplementary agreement. The transaction was accounted for as acquisition of assets.

The net asset of the subsidiary at the date of acquisition was as follows:

	HK\$'000
Property, plant and equipment	22
Deferred tax assets	14,036
Inventory of properties	2,300,438
Debtors, deposits and prepayments	994,576
Amounts due from the Group	866,056
Prepaid income tax	103,242
Bank balances and cash	59,112
Creditors and accrued charges	(299,855)
Contract liabilities	(3,268,225)
	769,402
Non-controlling interest of the subsidiary	(380,356)
	389,046
Satisfied by:	
Cash considerations paid	–
Interests in joint ventures disposed of	389,046
	389,046
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Bank balances and cash acquired	59,112
	59,112

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

26. CONTINGENT LIABILITIES

At 30 June 2020, the Group provided guarantees of HK\$8,721,016,000 (31 December 2019: HK\$7,977,365,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted. The Directors consider that the fair value of such guarantees on initial recognition is insignificant.

At 30 June 2020, the Group provided guarantee of HK\$2,651,055,000 (31 December 2019: HK\$3,002,454,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantee on initial recognition is insignificant as the joint ventures have strong net asset position and the default risk is low.

The details of undertakings of a property joint venture provided by the Group are disclosed in note 14(c).

27. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 18, the Group's inventory of properties of HK\$9,144,693,000 (31 December 2019: HK\$7,869,585,000) and investment properties of HK\$1,078,517,000 (31 December 2019: HK\$678,167,000) were pledged to banks to secure the banking facilities granted to the Group.

28. CAPITAL COMMITMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Capital injection into joint ventures contracted for but not provided in the condensed consolidated financial statements	20,925	167,567

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

29. RELATED PARTY TRANSACTIONS

The Group also had transactions with the following related parties during the period:

Related parties	Nature	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Infrastructure joint ventures	Interest income	2,654	820
Property and other joint ventures	Interest income	119,740	243,819
Non-controlling interests of subsidiaries	Interest income	12,801	6,016
Property joint ventures	Management fee income	10,044	21,901
A subsidiary of a major shareholder of the Company	Construction costs incurred	219,853	386,682
A subsidiary of a major shareholder of the Company	Construction costs payable	142,767	125,944

During the period ended 30 June 2020, a subsidiary of a major shareholder of the Company provided construction services to the property projects of a subsidiary and a joint venture of the Group amounting to HK\$219,988,000 (six months ended 30 June 2019: HK\$398,508,000) in aggregate. The construction services provided by the subsidiary of the major shareholder of the Company constituted continuing connected transactions as defined under the Listing Rules.

During the year ended 31 December 2019, the Group had transferred the titles of two pieces of land included in prepayment for land lease of the Group at their carrying amounts of HK\$704,400,000 to joint ventures of the Group and no gain or loss were resulted from such transfers. The said amounts would be settled by the joint ventures after the pre-sale of properties commences.

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Short-term employment benefits	147,241	158,058
Post-employment benefits	3,291	3,052
	150,532	161,110

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

30. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2020 amounted to HK\$52,381,638,000 (31 December 2019: HK\$51,586,625,000). The Group's net current assets at 30 June 2020 amounted to HK\$26,053,079,000 (31 December 2019: HK\$25,827,665,000).

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS *(Continued)*

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2020 HK\$'000	31 December 2019 HK\$'000		
Foreign currency forward contracts (included in financial assets at FVTPL)	202,482	136,086	Level 2	<ul style="list-style-type: none"> Discounted cash flows. The fair value is provided by counterparty financial institutions, which is measured using discounted cash flow analysis. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rate, discounted at a rate that reflects the credit risk of various counterparties.
Investment in unlisted entity (included in financial assets at FVTPL)	265,871	268,234	Level 3	<ul style="list-style-type: none"> Income approach. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.
Investment in unlisted entity (included in financial assets at FVTPL)	92,511	93,333	Level 3	<ul style="list-style-type: none"> Price-to-revenue multiples of several comparable companies. Risk adjustment for a discount on lack of marketability.
Interest rate swaps (included in derivative financial instruments)	(95,429)	–	Level 2	<ul style="list-style-type: none"> Discounted cash flows. The fair value is provided by counterparty financial institutions, which is measured using discounted cash flow analysis. Future cash flows are estimated based on interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at zero coupon curve.
	465,435	497,653		

During the six months ended 30 June 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the condensed consolidated financial statements approximate their fair values as at 30 June 2020 and 31 December 2019 except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	30 June 2020		31 December 2019	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2016 September guaranteed senior notes	3,920,793	3,865,313	3,941,165	3,900,000
2019 January guaranteed senior notes	3,136,198	3,189,125	3,149,268	3,252,288
2019 February guaranteed senior notes	3,179,467	3,147,856	3,196,154	3,346,200
2019 September guaranteed senior notes	3,736,856	3,794,400	3,756,344	3,898,627
2020 March guaranteed senior notes	2,349,619	2,275,594	–	–
2019 Domestic bonds	1,688,242	1,765,996	1,631,989	1,704,923

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages F-1 to F-35, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18 August 2020



Road King Infrastructure Limited