



Road King Infrastructure Limited

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

INTERIM REPORT 2021



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 Mainland China 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 three expressways in Indonesia, all located in major economic corridors and spanning over 600km in total.

18 August 2021



Contents

| | |
|----|------------------------------------|
| 2 | FINANCIAL HIGHLIGHTS |
| 4 | MANAGEMENT DISCUSSION AND ANALYSIS |
| 44 | DIVIDEND |
| 45 | CORPORATE GOVERNANCE |
| 46 | DISCLOSURE OF INTERESTS |
| 50 | OTHER DISCLOSURES |
| 55 | CORPORATE INFORMATION |

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

| | |
|-----|---|
| F-1 | REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS |
| F-2 | CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS |
| F-3 | CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME |
| F-4 | CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION |
| F-6 | CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY |
| F-7 | CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS |
| F-9 | NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS |

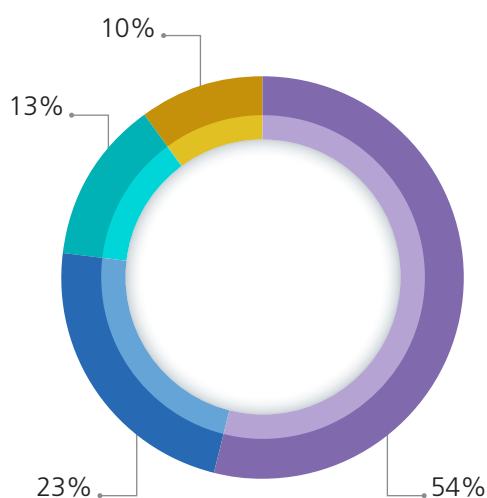


Financial Highlights

| (HK\$'million) | For the six months ended 30 June | | | For the year ended 31 December | |
|--|-------------------------------------|--------|--------|-----------------------------------|--------|
| | 2021 | 2020 | 2019 | 2020 | 2019 |
| Revenue of the Group | 4,949 | 8,184 | 6,856 | 24,196 | 21,495 |
| Group's share of revenue of joint ventures and associates | 5,031 | 3,109 | 2,522 | 7,587 | 9,673 |
| Revenue of the Group and Group's share of revenue of joint ventures and associates | 9,980 | 11,293 | 9,378 | 31,783 | 31,168 |
| Cash received from toll road projects (including the repayment of shareholders' loans from toll road projects in Mainland China) | 377 | 19 | 264 | 465 | 689 |
| Profit for the period/year | 647 | 792 | 1,200 | 2,784 | 3,677 |
| Equity attributable to owners of the Company | 21,555 | 18,325 | 17,624 | 20,928 | 18,866 |
| Total assets | 118,109 | 94,805 | 84,060 | 103,281 | 90,788 |
| Bank balances and cash | 22,337 | 14,983 | 13,917 | 14,056 | 14,451 |
| Basic earnings per share (HK\$) | 0.43 | 0.57 | 1.16 | 2.30 | 4.04 |
| Dividend per share (HK\$) | 0.15 | 0.20 | 0.30 | 0.75 | 1.18 |
| Net assets per share attributable to owners of the Company (HK\$) | 28.77 | 24.45 | 23.52 | 27.93 | 25.18 |

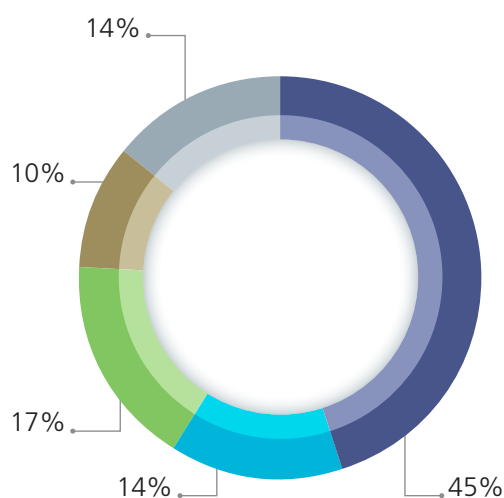
Note: The figure of 2019 has been restated pursuant to the amendment made to the contingent consideration payable to the vendor for the acquisition of an expressway joint venture. The details have been set out in note 20(d) of the 2020 audited consolidated financial statements.

PROPERTY DELIVERY IN FIRST HALF OF 2021 BY LOCATION (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)



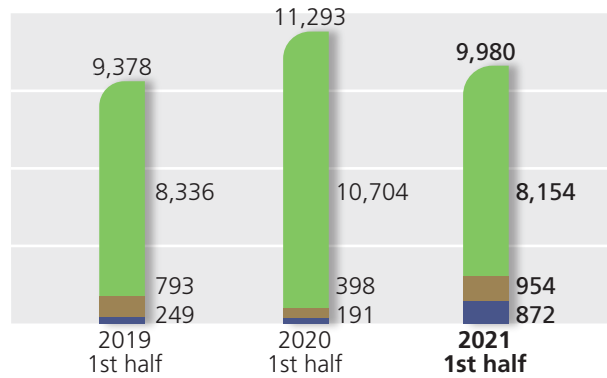
- Yangtze River Delta Region
- Bohai Rim Region
- Guangdong - Hong Kong - Macao Bay Area
- Other Regions

TOLL REVENUE FROM EXPRESSWAY PROJECTS IN FIRST HALF OF 2021 BY LOCATION



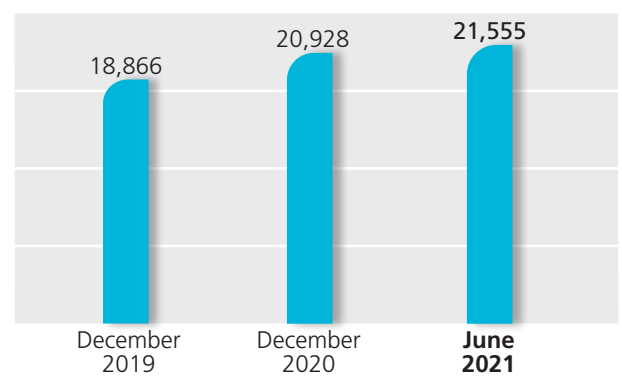
- Hebei Province
- Hunan Province
- Shanxi Province
- Anhui Province
- Indonesia

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

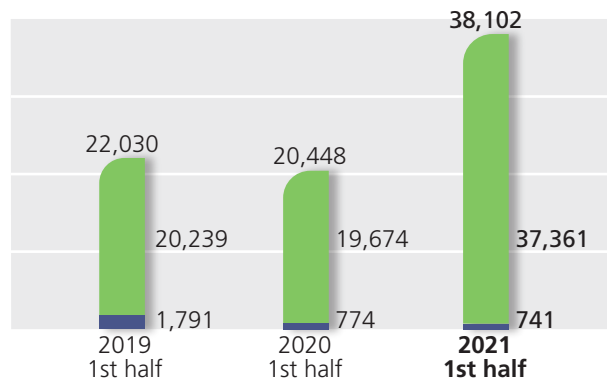


- Property Segment
- Toll Road Segment
- Investment and Asset Management Segment ("IAM Segment")

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK\$'million)

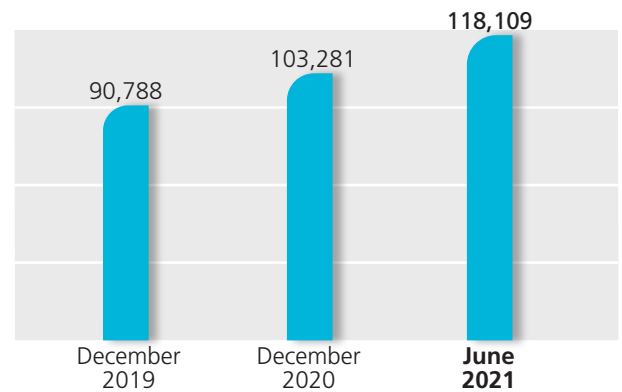


PROPERTY SALES (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)
(RMB'million)

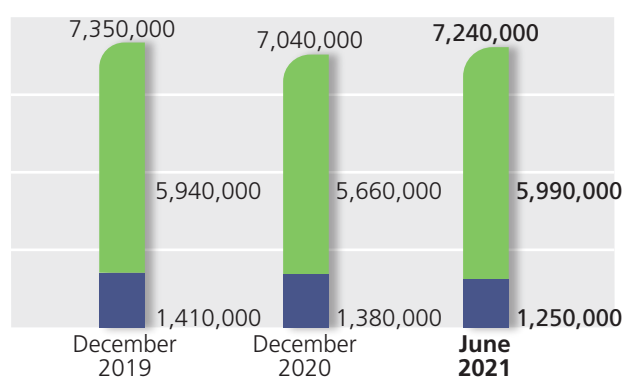


- Property Segment
- IAM Segment

TOTAL ASSETS
(HK\$'million)

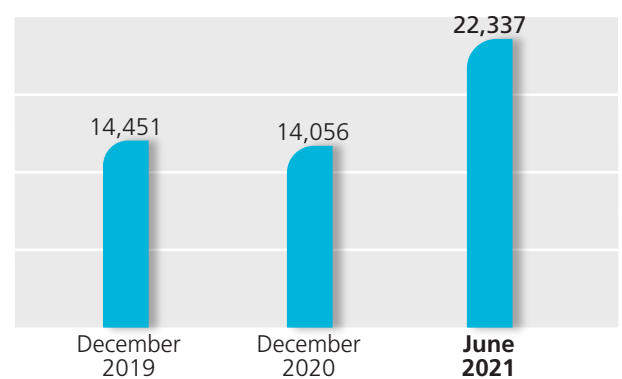


LAND RESERVE (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)
(sqm)



- Property Segment
- IAM Segment

BANK BALANCES AND CASH
(HK\$'million)

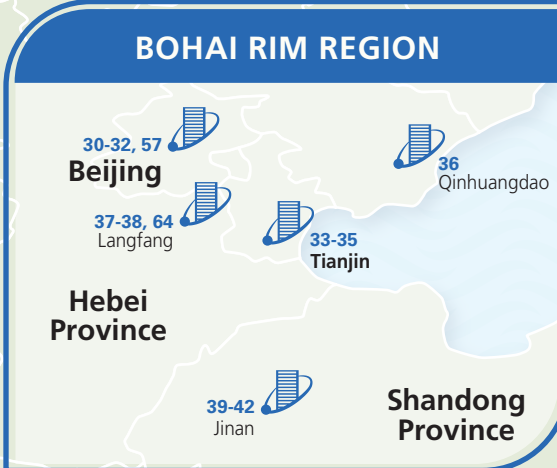


Management Discussion and Analysis

PROPERTY PROJECTS

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

BOHAI RIM REGION



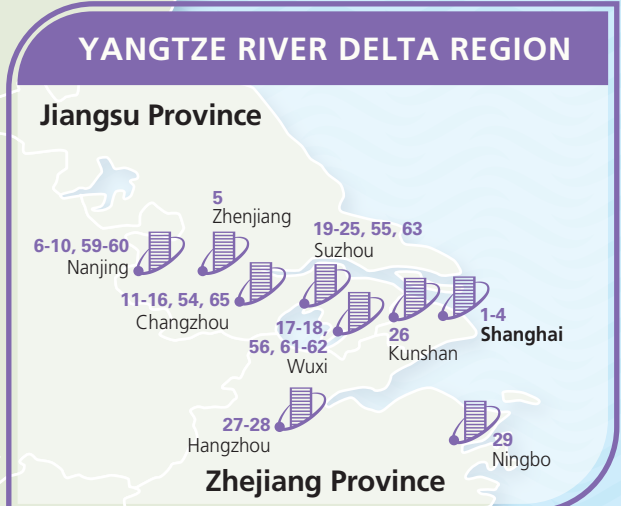
Beijing
30-32, 57
37-38, 64
Langfang

Hebei Province
33-35
Tianjin

Shandong Province
36
Qinhuangdao

39-42
Jinan

YANGTZE RIVER DELTA REGION



Jiangsu Province
5
Zhenjiang

6-10, 59-60
Nanjing

11-16, 54, 65
Changzhou

17-18, 56, 61-62
Wuxi

19-25, 55, 63
Suzhou

26
Kunshan

27-28
Hangzhou

Zhejiang Province
1-4
Shanghai

29
Ningbo

GUANGDONG – HONG KONG – MACAO BAY AREA



Guangdong Province
43
Guangzhou

44-45
Foshan

46-48
Hong Kong Special Administrative Region

LAND RESERVE

As at 30 June 2021

| Region | Floor Area* | |
|---|------------------|-------------|
| | sqm | Proportion |
| Shanghai | 374,000 | 5% |
| Jiangsu Province | 3,082,000 | 43% |
| Zhejiang Province | 248,000 | 3% |
| Yangtze River Delta Region | 3,704,000 | 51% |
| Beijing | 375,000 | 5% |
| Tianjin | 444,000 | 6% |
| Hebei Province | 648,000 | 9% |
| Shandong Province | 423,000 | 6% |
| Bohai Rim Region | 1,890,000 | 26% |
| Guangdong Province | 308,000 | 4% |
| Hong Kong Special Administrative Region | 97,000 | 2% |
| Guangdong – Hong Kong – Macao Bay Area | 405,000 | 6% |
| Henan Province | 1,241,000 | 17% |
| Other Regions | 1,241,000 | 17% |
| Total | 7,240,000 | 100% |
| Of which: | | |
| Properties for sale | 6,882,000 | 95% |
| Investment properties | 358,000 | 5% |

* Including joint venture and associate projects

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Yangtze River Delta Region


| 1 RK Sheshan Villa • Dongyuan | | | | | | | | |
|---|-----------------------------------|---------|-------------------|----------------------------|----------------------------|---|-----------------|---------|
|  | Floor Area (sqm) | 104,000 | Nature | Residential and commercial | Stage of Completion (note) | F/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 People's Republic of China (the "PRC") | | |
| 2 RK Maritime Bay | | | | | | | | |
|  | 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 | | |
| 3 RK Yuemao Mansion | | | | | | | | |
|  | Floor Area (sqm) | 132,000 | Nature | Residential and Commercial | Stage of Completion (note) | S | Land Area (sqm) | 61,000 |
| | Approximate attributable interest | 93.75% | Target completion | 2021 | Location | East to Hongshi Road, South to Beiqing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC | | |
| 4 Simple Life (formerly known as Chongming District Project) | | | | | | | | |
|  | Floor Area (sqm) | 74,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 78,000 |
| | Approximate attributable interest | 49% | Target completion | 2022 | Location | East to Yuyan Road, South to Jinjuan Road, West to Shizhu Road, North to Xueyan Road, Chongming District, Shanghai, the PRC | | |
| 5 RK City (Zhenjiang) | | | | | | | | |
|  | Floor Area (sqm) | 221,000 | Nature | Residential | Stage of Completion (note) | P/S/C | Land Area (sqm) | 257,000 |
| | Approximate attributable interest | 100% | Target completion | 2024 | Location | South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC | | |


MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE


As at 30 June 2021


Yangtze River Delta Region

| 6 | 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 | | |

| 7 | Shanyu Mansion | | | | | | | |
|--|-----------------------------------|--------|-------------------|-------------|----------------------------|---|-----------------|--------|
|  | Floor Area (sqm) | 69,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |

| 8 | Breeze Mansion | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 177,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |

| 9 | Hill Mansion I | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 49,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 32,000 |
| | Approximate attributable interest | 30% | Target completion | 2022 | Location | South to Guanyaoshan Road, West to Happy Avenue, North to Guihua Branch Road, Qixia District, Nanjing, Jiangsu Province, the PRC | | |

| 10 | Hill Mansion II | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|---|-----------------|--------|
|  | Floor Area (sqm) | 46,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 26,000 |
| | Approximate attributable interest | 36% | Target completion | 2022 | Location | East to Happy Avenue, South to Guihua Cement Factory Road, West to Guihua Guanjiang Road, North to Guihua Jiangnan Road, Qixia District, Nanjing, Jiangsu Province, the PRC | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Yangtze River Delta Region

| | | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|---------|
| 11 | RK Taihu Lake Yard | | | | | | | |
|  | Floor Area (sqm) | 74,000 | Nature | Residential | Stage of Completion (note) | 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 | | |
| 12 | Tang Song | | | | | | | |
|  | Floor Area (sqm) | 102,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 129,000 |
| | Approximate attributable interest | 49% | Target completion | 2022 | Location | Southeast of Dingxiang Road and Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC | | |
| 13 | Jinmao Palace (Changzhou) | | | | | | | |
|  | Floor Area (sqm) | 164,000 | Nature | Residential | Stage of Completion (note) | P/S | Land Area (sqm) | 108,000 |
| | Approximate attributable interest | 51% | Target completion | 2023 | Location | South of Yanzheng Middle Avenue, West of Fenglin North Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC | | |
| 14 | RK City Boyue | | | | | | | |
|  | Floor Area (sqm) | 62,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |
| 15 | RK Royal Bay | | | | | | | |
|  | Floor Area (sqm) | 61,000 | Nature | Residential | Stage of Completion (note) | S | 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 Xiayi River Tributary, Wujin District, Changzhou, Jiangsu Province, the PRC | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Yangtze River Delta Region


| | | | | | | | | |
|---|---|---------|-------------------|-------------|----------------------------|---|-----------------|---------|
|  | 16 Bamboo Grove One | | | | | | | |
| | Floor Area (sqm) | 116,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |
|  | 17 Time Boutique | | | | | | | |
| | Floor Area (sqm) | 151,000 | Nature | Residential | Stage of Completion (note) | 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 | | |
|  | 18 Cloud Top Life (formerly known as Huishan District Project) | | | | | | | |
| | Floor Area (sqm) | 94,000 | Nature | Residential | Stage of Completion (note) | F | Land Area (sqm) | 53,000 |
| | Approximate attributable interest | 20% | Target completion | 2022 | Location | Southwest of the intersection of Shangwei Road and Jingying Road, Qianqiao Street, Huishan District, Wuxi, Jiangsu Province, the PRC | | |
|  | 19 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 | 2022 | Location | Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC | | |
|  | 20 The Legendary One | | | | | | | |
| | Floor Area (sqm) | 54,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 95,000 |
| | Approximate attributable interest | 49% | Target completion | Completed | Location | West of Anyang Road and North of Huhong Road, Huguan Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Yangtze River Delta Region

| | | | | | | | | |
|---|--|---------|-------------------|-------------|----------------------------|--|-----------------|---------|
| 21 | New Lake New City | | | | | | | |
|  | Floor Area (sqm) | 131,000 | 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 | | |
| 22 | Wonderful Times | | | | | | | |
|  | Floor Area (sqm) | 75,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 36,000 |
| | Approximate attributable interest | 49% | Target completion | 2022 | Location | South of Sufu Road, East of Suxu Bay, Zhonghai, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province, the PRC | | |
| 23 | RK Jade Shores | | | | | | | |
|  | Floor Area (sqm) | 155,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |
| 24 | Sipac Zone | | | | | | | |
|  | Floor Area (sqm) | 119,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 58,000 |
| | Approximate attributable interest | 30% | Target completion | 2022 | Location | South of Jinsheng Road, East of Xingpu Road, Shengpu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC | | |
| 25 | Beautiful Bay Times (formerly known as Taihu Resort Zone WG-70 Project) | | | | | | | |
|  | Floor Area (sqm) | 94,000 | Nature | Residential | Stage of Completion (note) | F | Land Area (sqm) | 48,000 |
| | Approximate attributable interest | 30% | Target completion | 2022 | Location | South of Sunwu Road, East of Xiangshan North Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Yangtze River Delta Region

| 26 | Lan Ting Long Yue Hua Yuan | | | | | | | |
|---|-----------------------------------|---------|-------------------|----------------------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 152,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 71,000 |
| | Approximate attributable interest | 49% | Target completion | 2021 | Location | North of Youyi Road, East of Tongjing Road, Lujia Town, Kunshan, Jiangsu Province, the PRC | | |
| 27 | Haiyi Cuiting | | | | | | | |
|  | 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 | East to Sanxianqiao Port, South to Chonghang Street, West to Guihua Road, North to Qiancun Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC | | |
| 28 | Lanshi Li | | | | | | | |
|  | Floor Area (sqm) | 100,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |
| 29 | RK XinTianDi (Ningbo) | | | | | | | |
|  | Floor Area (sqm) | 35,000 | 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 2021

Bohai Rim Region


| 30 | RK Yunhe Shangyuan | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|---------|
|  | Floor Area (sqm) | 57,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 33,000 |
| | Approximate attributable interest | 100% | Target completion | 2022 | Location | Ligezhuang Road, Miyun District, Beijing, the PRC | | |
| 31 | RK Royal Yard | | | | | | | |
|  | Floor Area (sqm) | 101,000 | Nature | Residential | Stage of Completion (note) | S | 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 | | |
| 32 | RK Noble Mansion | | | | | | | |
|  | Floor Area (sqm) | 154,000 | Nature | Residential | Stage of Completion (note) | F/S | Land Area (sqm) | 99,000 |
| | Approximate attributable interest | 51% | Target completion | 2022 | Location | East to Shunfu Road, South to Renheyuan Four Street, West to Fulin Road, North to Lin Henan Main Street, Renhe Town, Shunyi District, Beijing, the PRC | | |
| 33 | RK Sunny Town | | | | | | | |
|  | Floor Area (sqm) | 262,000 | Nature | Residential | Stage of Completion (note) | P/F/S/C | Land Area (sqm) | 811,000 |
| | Approximate attributable interest | 94.74% | Target completion | 2023 | Location | Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC | | |
| 34 | RK Junlan Bay | | | | | | | |
|  | Floor Area (sqm) | 68,000 | 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 | | |

MAJOR PROJECTS INFORMATION


PROPERTIES FOR SALE

As at 30 June 2021

Bohai Rim Region

| 35 | Joy Meaningful Residence | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|---------|
|  | Floor Area (sqm) | 101,000 | Nature | Residential | Stage of Completion (note) | S/C | Land Area (sqm) | 109,000 |
| | Approximate attributable interest | 50% | Target completion | 2022 | Location | East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC | | |

| 36 | Nandaihe Project | | | | | | | |
|--|-----------------------------------|---------|-------------------|-------------|----------------------------|---|-----------------|---------|
|  | Floor Area (sqm) | 271,000 | Nature | Residential | Stage of Completion (note) | P/F | Land Area (sqm) | 180,000 |
| | Approximate attributable interest | 27% | Target completion | 2025 | Location | East of Ninghai Road, South of Weiyi Road, West of Jingyi Road, North of Weisan Road, Beidaihe New District, Qinhuangdao, Hebei Province, the PRC | | |

| 37 | RK Grandtown | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|---------|
|  | Floor Area (sqm) | 77,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 495,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | 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 | | |


| 38 | 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 | | |


MAJOR PROJECTS INFORMATION


PROPERTIES FOR SALE


As at 30 June 2021

Bohai Rim Region

| 39 | RK Center (formerly known as RK City (Jinan) Phase III) | | | | | | | |
|---|---|---------|-------------------|----------------------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 102,000 | Nature | Residential and commercial | Stage of Completion (note) | S | Land Area (sqm) | 17,000 |
| | Approximate attributable interest | 100% | Target completion | 2022 | Location | South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC | | |

| 40 | 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 | | |

| 41 | 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 Xinggong Road, Lixia District, Jinan, Shandong Province, the PRC | | |

| 42 | Jin Mao Noble Manor | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|---|-----------------|--------|
|  | Floor Area (sqm) | 129,000 | Nature | Residential | Stage of Completion (note) | S/C | 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 2021

Guangdong – Hong Kong – Macao Bay Area

| | | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|--------|
| 43 | Phoenix Residence | | | | | | | |
|  | Floor Area (sqm) | 154,000 | Nature | Residential | Stage of Completion (note) | S | Land Area (sqm) | 58,000 |
| | Approximate attributable interest | 30% | Target completion | 2022 | Location | East of Phoenix South Road, South of Huadu Lake, Huadu District, Guangzhou, Guangdong Province, the PRC | | |
| 44 | Elite's Mansion | | | | | | | |
|  | Floor Area (sqm) | 103,000 | 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 | | |
| 45 | RK Rivage Panorama | | | | | | | |
|  | Floor Area (sqm) | 51,000 | Nature | Residential | Stage of Completion (note) | S/C | 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 | | |
| 46 | Crescent Green | | | | | | | |
|  | Floor Area (sqm) | 10,000 | Nature | Residential | Stage of Completion (note) | C | Land Area (sqm) | 28,000 |
| | Approximate attributable interest | 100% | Target completion | Completed | Location | Lot No. 1066 in Demarcation District No. 103, Au Tau, Yuen Long, New Territories, Hong Kong | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE


As at 30 June 2021

Guangdong – Hong Kong – Macao Bay Area

| 47 | Southland | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
|  | 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 | | |

| 48 | So Kwun Wat Project | | | | | | | |
|--|-----------------------------------|--------|-------------------|-------------|----------------------------|---|-----------------|--------|
|  | Floor Area (sqm) | 40,000 | Nature | Residential | Stage of Completion (note) | S | 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

| 49 | RK International City (Zhengzhou) | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|---|-----------------|---------|
|  | Floor Area (sqm) | 208,000 | 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 | | |


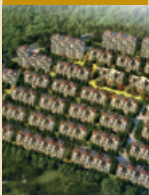
| 50 | RK Ninth County | | | | | | | |
|---|-----------------------------------|---------|-------------------|----------------------------|----------------------------|---|-----------------|---------|
|  | Floor Area (sqm) | 631,000 | Nature | Residential and commercial | Stage of Completion (note) | 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 | | |

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2021

Other Regions


| 51 | Joyful Park | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|---------|
|  | 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 | | |
| 52 | RK Slow City (Central China) | | | | | | | |
|  | Floor Area (sqm) | 248,000 | Nature | Residential | Stage of Completion (note) | P/S | Land Area (sqm) | 249,000 |
| | Approximate attributable interest | 100% | 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 | | |
| 53 | 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 | 2023 | Location | Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC | | |


MAJOR PROJECTS INFORMATION


INVESTMENT PROPERTIES


As at 30 June 2021


Yangtze River Delta Region

| 54 | 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 | | |

| 19 | 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 | | |

| 55 | 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 | | |

| 56 | 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 | | |


| 29 | RK XinTianDi (Ningbo) | | | | | | | |
|---|-----------------------------------|--------|-------------------|------------|----------------------------|---|-----------------|-------|
|  | Floor Area (sqm) | 38,000 | 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 2021

Bohai Rim Region

| 57 | 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 | | |

| 33 | 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

| 58 | 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 | | |

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE FIRST HALF OF 2021

PROPERTIES FOR SALE


As at 30 June 2021

Yangtze River Delta Region

| 59 | Yuhuatai District G41 Project | | | | | | | |
|----|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
| | Floor Area (sqm) | 72,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 29,000 |
| | Approximate attributable interest | 49% | Target completion | 2023 | Location | North of Xikou South Road, South of Jixiang Road, Yuhuatai Economic Development Zone, Nanjing, Jiangsu Province, the PRC | | |

| 60 | Cloud-Clad Mount | | | | | | | |
|----|-----------------------------------|---------|-------------------|-------------|----------------------------|---|-----------------|--------|
| | Floor Area (sqm) | 141,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 67,000 |
| | Approximate attributable interest | 25% | Target completion | 2023 | Location | East of Yuanhua Road, South of Weidi Road, Xianlin Street, Qixia District, Nanjing, Jiangsu Province, the PRC | | |

| 61 | Huishan District Project | | | | | | | |
|----|-----------------------------------|---------|-------------------|-------------|----------------------------|--|-----------------|--------|
| | Floor Area (sqm) | 116,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 54,000 |
| | Approximate attributable interest | 20% | Target completion | 2022 | Location | Southwest of the intersection of 312 National Highway and Yonghui Road, Luoshe Town, Huishan District, Wuxi, Jiangsu Province, the PRC | | |

| 62 | Economic Development Zone Project | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 89,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 76,000 |
| | Approximate attributable interest | 24.75% | Target completion | 2022 | Location | Northwest of the intersection of Guqu Road and Gonghu Avenue, Economic Development Zone, Wuxi, Jiangsu Province, the PRC | | |

| 63 | Taihu Resort Zone WG-2 Project | | | | | | | |
|----|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
| | Floor Area (sqm) | 97,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 50,000 |
| | Approximate attributable interest | 35% | Target completion | 2023 | Location | East of Xiangshan North Road, North of Houtang Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC | | |


MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE FIRST HALF OF 2021

PROPERTIES FOR SALE


As at 30 June 2021

Bohai Rim Region

| 64 | Park Up Town | | | | | | | |
|---|-----------------------------------|---------|-------------------|-------------|----------------------------|---|-----------------|---------|
|  | Floor Area (sqm) | 225,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 117,000 |
| | Approximate attributable interest | 40% | Target completion | 2023 | Location | South of Dafu South Road, East of Shouchuang Avenue, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC | | |

NEW PROJECT ACQUIRED IN THE SECOND HALF OF 2021 AND UP TO THE DATE OF THIS REPORT

Yangtze River Delta Region

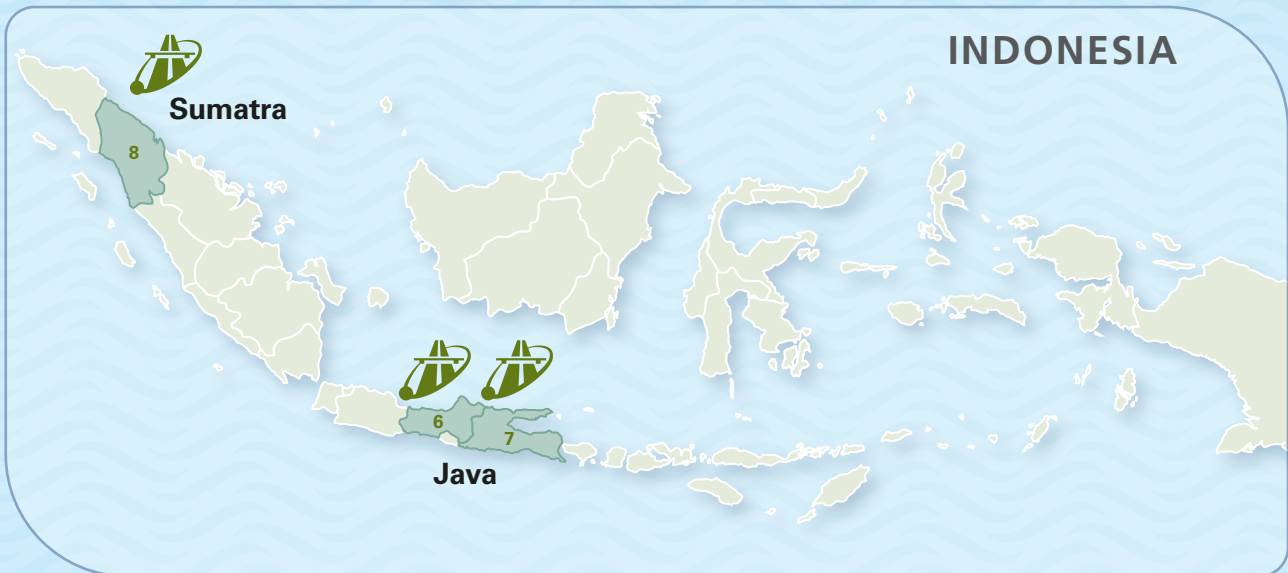
| 65 | Wujin District Project | | | | | | | |
|---|-----------------------------------|--------|-------------------|-------------|----------------------------|--|-----------------|--------|
|  | Floor Area (sqm) | 88,000 | Nature | Residential | Stage of Completion (note) | P | Land Area (sqm) | 50,000 |
| | Approximate attributable interest | 51% | Target completion | 2022 | Location | South of Juxiang Road, West of Luyang Road, Wujin District, Changzhou, Jiangsu Province, the PRC | | |

Notes:

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

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

 TOLL ROAD PROJECTS



MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 30 June 2021

| | | | | | | |
|---|-----------------------------|---|--------|---|------------------------|--------|
| 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 | | |

MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 30 June 2021

| | | | | | | |
|---|--|---|--------|--------------------|------------------------|-----|
|  | 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 | | |
|  | 8 Medan – Kualanamu – Tebing Tinggi ("MKTT") Expressway | | | | | |
| | Location | North Sumatra, Indonesia | Length | 62km | Equity interest (note) | 45% |
| | Route | Trans Sumatra Expressway Medan Kualanamu Tebing Tinggi ~ 4-lane | | Kings Ring Limited | | |

Note:

As at 30 June 2021, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% (31 December 2020: 75%) held by the Group.

BUSINESS REVIEW

Property sales and toll revenue from expressway projects of the Group (including joint venture and associate projects) for the first half of 2021 were RMB38,102 million equivalent and RMB1,895 million equivalent respectively, totaling approximately RMB40 billion (for the first half of 2020: RMB21.3 billion). For the first half of 2021, the Group achieved a profit of HK\$647 million, with profit attributable to shareholders of HK\$325 million, earnings per share of HK\$0.43 and net assets per share of HK\$28.77.

In the first half of 2021, the Group acquired six pieces of land for residential development through listing-for-sale and/or co-development with competent enterprises in Mainland China, with an aggregate floor area of 740,000 sqm. As of 30 June 2021, the Group's land reserves in Mainland China and Hong Kong were approximately 7,240,000 sqm in total and the total area of properties pre-sold but yet to be delivered was 2,150,000 sqm.

BUSINESS SEGMENTS ANALYSIS

(i) Property Segment

For the first half of 2021, under the policy environment of "house is for living, not for speculating, city-specific policies", the central government of Mainland China fully implemented long-term stabilising mechanism for land prices, housing prices, and managing the expectations for the property industry, in order to promote the stable and healthy development of the property market. The central government further focused its regulation on the supply side, continued to strengthen the financial regulations on the property industry and tightened housing credit policies, and smoothed operations of the property sales market. Due to the implementation of centralized land supply policy in the land market, the transaction volume has shrunk. However, the market in some cities is booming, and land prices have reached record high.

By closely following the market trend and adhering to the operating principle of ensuring a balance between sales volume and profitability, the concerted efforts of the operation team of the Group achieved total property sales (including joint venture and associate projects) of RMB37,361 million in Mainland China and Hong Kong in the first half of 2021, comprising the contracted sales of RMB34,410 million and outstanding subscribed sales of RMB2,951 million. Property sales in Hong Kong increased substantially to HK\$14,476 million, mainly due to the overwhelming responses on the sales of the Southland since its launch on 1 May. As a result, the total sales of the Property Segment surged 90% over 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 2021:

| Regions (Notes) | Sales | | Delivery | |
|---|-----------------------|-------------|-----------------------|-------------|
| | Amount RMB'million | Area sqm | Amount RMB'million | Area sqm |
| Yangtze River Delta Region | 19,259 | 872,000 | 5,848 | 388,000 |
| Bohai Rim Region | 4,911 | 201,000 | 2,517 | 156,000 |
| Guangdong – Hong Kong – Macao Bay Area | 13,060 | 85,000 | 1,403 | 30,000 |
| Other Regions | 131 | 13,000 | 92 | 10,000 |
| Total (first half of 2021) | 37,361 | 1,171,000 | 9,860 | 584,000 |
| Total (first half of 2020) | 19,674 | 910,000 | 11,508 | 709,000 |

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 2021, the average selling price of properties in the Property Segment rose sharply to RMB31,900 per sqm due to the launch of the Southland in Hong Kong. In particular, the average selling price in Hong Kong was HK\$328,000 per sqm and the average selling price in Mainland China was RMB22,400 per sqm. The sales mainly concentrated in Yangtze River Delta Region and Guangdong-Hong Kong-Macao Bay Area, representing approximately 52% and 35% of total property sales, respectively. As at 30 June 2021, the total area of properties pre-sold but yet to be delivered was 2,030,000 sqm.

Financial Review

Set out below is an analysis of the financial performance of the Group's Property Segment for the first half of 2021 and 2020:

| | Six months ended 30 June | |
|-----------------------|--------------------------|----------------------|
| | 2021 HK\$'million | 2020 HK\$'million |
| Revenue | 4,868 | 8,070 |
| Gross profit | 1,254 | 2,561 |
| Profit for the period | 650 | 1,060 |

In the first half of 2021, revenue from the Group's Property Segment was mainly generated from the delivery of properties in Yangtze River Delta Region (representing approximately 59% of total delivery). The average selling price rose to RMB16,900 per sqm and the gross profit margin was close to 26%. During the period, profit of the Property Segment amounted to approximately HK\$650 million.

Land Reserve

For land reserve replenishment, the Group's Property Segment acquired six pieces of land in Mainland China for residential development in the first half of 2021 through listing-for-sale and/or co-development, with an aggregate floor area of approximately 740,000 sqm, all of which are under co-development with competent enterprises. Details are set out as follows:

| City | Attributable Interest | Acquisition Date | Land Area (sqm) | Floor Area (sqm) | Total Consideration (RMB'million) |
|----------|-----------------------|------------------|--------------------|---------------------|--------------------------------------|
| Suzhou | 35% | February 2021 | 50,000 | 97,000 | 955 |
| Wuxi | 20% | April 2021 | 54,000 | 116,000 | 1,029 |
| Langfang | 40% | May 2021 | 117,000 | 225,000 | 1,056 |
| Wuxi | 24.75% | June 2021 | 76,000 | 89,000 | 1,770 |
| Nanjing | 49% | June 2021 | 29,000 | 72,000 | 1,880 |
| Nanjing | 25% | June 2021 | 67,000 | 141,000 | 3,810 |

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2021, the Property Segment's land reserve was approximately 5,990,000 sqm and mainly located in Yangtze River Delta Region, representing approximately 59% of the land reserve.

In August 2021, the Group further acquired a piece of land in Wujin District, Changzhou for residential development with a floor area of approximately 88,000 sqm through co-development.

In the first half of 2021, the area under construction of the Group was 7,090,000 sqm while the area of completed projects was 1,010,000 sqm. The area under construction and the area of completed projects of the Group in the second half of 2021 are expected to be 7,100,000 sqm and 2,220,000 sqm, respectively.

Looking ahead to the second half of the year, it is expected that the property market in Mainland China will operate steadily with stable and mildly increasing land supply. However, the "two concentration" land supply rules in some hotspot cities may be adjusted to strengthen the spillover effect. The central and local governments will continue to strictly abide by major austerity measures such as tightening restrictions on home purchases and housing prices and "city-specific policies", and, at the same time, continue to strengthen financial regulations on the property industry. In the second half of the year, new development loan quotas will still be restricted, and mortgage interest rates in some cities will rise, which may weaken home buyers' willingness to purchase to certain extent. A new round of the COVID-19 pandemic (the "Pandemic") broke out in Mainland China in July, which will adversely affect the operation of the property and various industries and the overall economy of China in the short term, but the property industry, as a pillar industry in Mainland China, still has an important role in supporting economic growth. The Group stays cautiously optimistic in regards to the outlook of property development business in Mainland China.

Throughout the years, the Group's property business has developed 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 recognised developer, 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 Maritime Bay, Shanghai

In the first half of 2021, the contracted sales of RK Maritime Bay was RMB527 million, with an average selling price of approximately RMB28,000 per sqm. It is expected that a total area of approximately 55,000 sqm will be delivered in the second half of 2021.

RK Yuemao Mansion, Shanghai

In the first half of 2021, the contracted sales of RK Yuemao Mansion was RMB2,765 million, with an average selling price of approximately RMB45,000 per sqm. It is expected that a total area of approximately 62,000 sqm will be delivered in the second half of 2021.

RK Taihu Lake Yard, Changzhou

In the first half of 2021, the contracted sales of RK Taihu Lake Yard was RMB674 million, with an average selling price of approximately RMB23,000 per sqm. In the first half of 2021, the value and area of properties delivered were RMB103 million and 5,000 sqm, respectively. It is expected that a total area of approximately 59,000 sqm will be delivered in the second half of 2021.

Tang Song, Changzhou

In the first half of 2021, the contracted sales of Tang Song was RMB633 million, with an average selling price of approximately RMB17,000 per sqm for residential building. In the first half of 2021, the value and area of properties delivered were RMB553 million and 38,000 sqm, respectively. It is expected that a total area for residential building of approximately 1,000 sqm will be delivered in the second half of 2021.

Guo Shi Jiu Li, Changzhou

In the first half of 2021, the value and area of properties delivered of Guo Shi Jiu Li were RMB2,150 million and 129,000 sqm, respectively. It is expected that a total area of approximately 3,000 sqm will be delivered in the second half of 2021.

Jinmao Palace, Changzhou

In the first half of 2021, the contracted sales of Jinmao Palace was RMB1,532 million, with an average selling price of approximately RMB30,000 per sqm. It is expected that a total area of approximately 59,000 sqm will be delivered in the second half of 2021.

RK City Boyue, Changzhou

In the first half of 2021, the contracted sales of RK City Boyue was RMB995 million, with an average selling price of approximately RMB29,000 per sqm. It is expected that a total area of approximately 41,000 sqm will be delivered in the second half of 2021.

Bamboo Grove One, Changzhou

In the first half of 2021, the contracted sales of Bamboo Grove One was RMB581 million, with an average selling price of approximately RMB25,000 per sqm. The project is expected to be completed and delivered in the first half of 2022.

Breeze Mansion, Nanjing

In the first half of 2021, the contracted sales of Breeze Mansion was RMB540 million, with an average selling price of approximately RMB22,000 per sqm. The project is expected to be completed and delivered in the first half of 2022.

Hill Mansion I, Nanjing

In the first half of 2021, the contracted sales of Hill Mansion I was RMB637 million, with an average selling price of approximately RMB28,000 per sqm. The project is expected to be completed and delivered in the first half of 2022.

The Legendary One, Suzhou

In the first half of 2021, the contracted sales of The Legendary One was RMB455 million, with an average selling price of approximately RMB31,000 per sqm. In the first half of 2021, the value and area of properties delivered were RMB468 million and 17,000 sqm, respectively. It is expected that a total area of approximately 20,000 sqm will be delivered in the second half of 2021.

Sipac Zone, Suzhou

In the first half of 2021, the contracted sales of Sipac Zone was RMB1,553 million, with an average selling price of approximately RMB31,000 per sqm. It is expected that a total area of approximately 46,000 sqm will be delivered in the second half of 2021.

RK Jade Shores, Suzhou

In the first half of 2021, the contracted sales of RK Jade Shores was RMB723 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 2021.

Embrace of Glory, Wuxi

In the first half of 2021, the contracted sales of Embrace of Glory was RMB681 million, with an average selling price of approximately RMB22,000 per sqm. In the first half of 2021, the value and area of properties delivered were RMB985 million and 54,000 sqm, respectively. It is expected that a total area of approximately 12,000 sqm will be delivered in the second half of 2021.

Time Boutique, Wuxi

In the first half of 2021, the contracted sales of Time Boutique was RMB909 million, with an average selling price of approximately RMB18,000 per sqm. It is expected that a total area of approximately 129,000 sqm will be delivered in the second half of 2021.

Lanshi Li, Hangzhou

In the first half of 2021, the contracted sales of Lanshi Li was RMB516 million, with an average selling price of approximately RMB25,000 per sqm. It is expected that a total area of approximately 99,000 sqm will be delivered in the second half of 2021.

RK Xihu Lake Yard, Hangzhou

In the first half of 2021, the contracted sales of RK Xihu Lake Yard was RMB875 million, with an average selling price of approximately RMB39,000 per sqm. The project is expected to be completed and delivered in the first half of 2022.

RK City, Zhenjiang

In the first half of 2021, the contracted sales of RK City was RMB461 million, with the value and area of properties delivered of RMB489 million and 69,000 sqm, respectively. It is expected that a total area of approximately 3,000 sqm will be delivered in the second half of 2021.

Bohai Rim Region

RK Noble Mansion, Beijing

In the first half of 2021, the contracted sales of RK Noble Mansion was RMB970 million, with an average selling price of approximately RMB40,000 per sqm for residential building. The project is expected to be completed and delivered in the second half of 2022.

RK Sunny Town, Tianjin

In the first half of 2021, the contracted sales of RK Sunny Town was RMB914 million, with an average selling price of approximately RMB28,000 per sqm. It is expected that a total area of approximately 63,000 sqm will be delivered in the second half of 2021.

Management Discussion and Analysis (continued)

Joy Meaningful Residence, Tianjin

In the first half of 2021, the value and area of properties delivered of Joy Meaningful Residence were RMB997 million and 63,000 sqm, respectively. It is expected that a total area of approximately 3,000 sqm will be delivered in the second half of 2021.

RK Grandtown, Langfang

In the first half of 2021, the contracted sales of RK Grandtown was RMB381 million, with an average selling price of approximately RMB19,000 per sqm. In the first half of 2021, the value and area of properties delivered were RMB662 million and 39,000 sqm, respectively. It is expected that a total area of approximately 63,000 sqm will be delivered in the second half of 2021.

Jin Mao Noble Manor, Jinan

In the first half of 2021, the contracted sales of Jin Mao Noble Manor was RMB153 million, with an average selling price of approximately RMB16,000 per sqm for residential building. In the first half of 2021, the value and area of properties delivered were RMB531 million and 34,000 sqm, respectively. It is expected that a total area of approximately 53,000 sqm will be delivered in the second half of 2021.

Guangdong – Hong Kong – Macao Bay Area

Phoenix Residence, Guangzhou

In the first half of 2021, the contracted sales of Phoenix Residence was RMB561 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 2022.

Crescent Green, Hong Kong Special Administrative Region

In the first half of 2021, the contracted sales of Crescent Green was HK\$1,222 million, with an average selling price of approximately HK\$150,000 per sqm for residential building. In the first half of 2021, the value and area of properties delivered were HK\$1,205 million and 7,000 sqm, respectively. It is expected that a total area of approximately 5,000 sqm will be delivered in the second half of 2021.

Southland, Hong Kong Special Administrative Region

In the first half of 2021, the contracted sales of Southland was HK\$13,254 million, with an average selling price of approximately HK\$361,000 per sqm for residential building. The project is expected to be completed and delivered in the second half of 2022.

New Projects

Acquired in the first half of 2021:

Yangtze River Delta Region

Taihu Resort Zone WG-2 Project, Suzhou

In February 2021, the Group acquired a piece of land in the Wuzhong Taihu Resort Zone, Suzhou for residential development through co-development. The project is located in the Wuzhong Taihu Resort Zone, Suzhou, next to New Lake New City and Beautiful Bay Times (formerly known as Taihu Resort Zone WG-70 Project), and is adjacent to Lake Taihu. The site has beautiful scenery and convenient access, and is fit for developing into a high-quality residence. The project has a site area of 50,000 sqm and a floor area of 97,000 sqm, and is planned to be launched in the second half of 2021.

Huishan District Project, Wuxi

In April 2021, the Group acquired a piece of land in Huishan District, Wuxi for residential development through co-development. The project is located on the southwest side of the intersection of G312 National Road and Yonghui Road in Luoshe Town, Huishan District, Wuxi, which belongs to the best-developed Luoshe New City in the area. The site is surrounded by established transportation, educational, commercial and healthcare facilities, and is fit for developing into a high-quality residence. The project has a site area of 54,000 sqm and a floor area of 116,000 sqm, and is planned to be launched in the second half of 2021.

Economic Development Zone Project, Wuxi

In June 2021, the Group acquired a piece of land in the Economic Development Zone, Wuxi for residential development through co-development. The project is located on the northwest side of the intersection of Juqu Road and Gonghu Avenue in the Economic Development Zone, Wuxi, within the scope of Wuxi China-Sweden Eco City. It is a high-end upgrading area, surrounded by urban wetland parks and adjacent to Lake Taihu. With beautiful scenery and high-quality educational facilities, it is fit for developing into a low-density residential area. The project has a site area of 76,000 sqm and a floor area of 89,000 sqm, and is planned to be launched in the second half of 2021.

Yuhuatai District G41 Project, Nanjing

In June 2021, the Group acquired a piece of land in Yuhuatai District, Nanjing for residential development through co-development. The project is located to the north of Xikou South Road and south of Jixiang Road, Yuhuatai District Economic Development Zone. It belongs to the residential forest demonstration area, a new area which is the focus of the government's construction. The plot is close to the subway with comprehensive surrounding planning commercial and educational facilities, and is fit for developing into high-quality residential apartments. The project has a site area of 29,000 sqm and a floor area of 72,000 sqm, and is planned to be launched in the first half of 2022.

Cloud-Clad Mount, Nanjing

In June 2021, the Group acquired a piece of land in Qixia District, Nanjing for residential development through co-development. The project is located to the east of Yuanhua Road and south of Weidi Road, Xianlin Street, Qixia District. It belongs to the Xianlin Lake area of Xianlin University Town. Equipped with established public transit facilities, high-quality educational resources, comprehensive commercial and healthcare facilities, and rich landscape resources, it is fit for developing into high-quality residential apartments. The project has a site area of 67,000 sqm and a floor area of 141,000 sqm, and is planned to be launched in the second half of 2021.

Bohai Rim Region

Park Up Town, Langfang

In May 2021, the Group acquired a piece of land in Dachang Hui Autonomous County, Langfang for residential development through co-development. The project is located on the south side of Dafu South Road and east side of Shouchuang Street in Dachang Hui Autonomous County. It belongs to the Xiadian area and is close to RK Grandtown. The project's surrounding area is enriched with living atmosphere and convenient transportation. It is close to Pinggu Line, Jingping Expressway, Jingha Expressway, and 5 kilometres from Jingtang Intercity Dachang Station. It is fit for developing into a liveable quality community. The project has a site area of 117,000 sqm and a floor area of 225,000 sqm, and is planned to be launched in the second half of 2021.

Acquired in the second half of 2021 and up to the date of this report:

Yangtze River Delta Region

Wujin District Project, Changzhou

In August 2021, the Group acquired a piece of land in Wujin District, Changzhou for residential development through co-development. The project is located on the south side of Juxiang Road and the west side of Luyang Road in Wujin District. It belongs to the West Taihu Lake area. Endowed with superior surrounding ecological resources, beautiful landscape, and established transportation, educational and commercial facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 50,000 sqm and a floor area of 88,000 sqm, and is planned to be launched in the first half of 2022.

Management Discussion and Analysis (continued)

(ii) Toll Road Segment

In the first half of 2021, the Group received cash distributions from its expressway joint ventures of RMB315 million (equivalent to HK\$377 million), contributing 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 2021 are analysed below:

| | Average Daily Traffic Vehicles | Toll Revenue RMB'million |
|--|--|------------------------------------|
| Expressway projects in Mainland China | | |
| Baojin Expressway | 77,400 | 468 |
| Tangjin Expressway | 58,700 | 385 |
| Changyi Expressway | 81,100 | 277 |
| Longcheng Expressway | 29,700 | 316 |
| Machao Expressway | 38,100 | 186 |
| Sub-total | 285,000 | 1,632 |
| Expressway projects in Indonesia | | |
| SN Expressway | 15,000 | 122 |
| NKK Expressway | 13,900 | 110 |
| MKTT Expressway | 17,100 | 31 |
| Sub-total | 46,000 | 263 |
| Total (First half of 2021) | 331,000 | 1,895 |
| Total (First half of 2020) (Note) | 268,500 | 837 |

Note:

The acquisition of MKTT Expressway in Indonesia was completed on 22 April 2021, therefore the above data represented the figures from the date of acquisition to 30 June 2021. The figures for the period ended 30 June 2020 are not presented in the above analysis report. The average daily traffic volume and toll revenue of MKTT Expressway for the first half of 2020 were approximately 12,200 vehicles and RMB66.39 million, respectively.

In the first half of 2021, the average daily traffic volume and toll revenue of the Group's expressway projects reached 331,000 vehicles and RMB1,895 million, representing an increase of 23% and 126% respectively, as compared with the corresponding period of last year.

The government of Mainland China has effectively contained the Pandemic, and economic activities have recovered steadily. In the first half of 2021, the toll revenue from the Group's expressways in Mainland China increased by 143% to RMB1,632 million as compared with the corresponding period of last year. The average daily traffic volume increased by 15% as compared with the corresponding period of last year, mainly due to a lower revenue base under the severe impact of the Pandemic in the first half of 2020. However, the number of confirmed cases of COVID-19 in some regions in Mainland China is increasing since the end of July, the government has taken measures such as traffic control to prevent the outbreak of the Pandemic, which will have a negative impact on the performance of certain projects in the second half of the year.

On 2 June 2021, the Ministry of Transport, the National Development and Reform Commission and the Ministry of Finance of Mainland China jointly issued the “Implementation Plan for Comprehensively Promoting Differential Tolling on Expressways” (Draft), which requires further optimisation and improvement of the policy of differentiated tolling models for road sections. The Group will actively participate in relevant research and discussion, and strive for a beneficial plan for the Group.

In terms of Indonesian expressways, the Group completed the acquisition of the MKTT expressway in Sumatra, Indonesia in April 2021, to enhance the overseas toll road portfolio. Despite the continued negative impact of the Pandemic during the period and the imposition of traffic restrictions during the Eid al-Fitr Festival in May, the toll revenue in the first half of the year increased by 58% to RMB263 million as compared to the first half of 2020, and the average daily traffic volume increased by 130%. However, the Pandemic in Indonesia has become serious since June, the imposition of strict measures in Java such as lockdowns and traffic restrictions, will have a negative impact on the project’s performance in the second half of the year.

In the first half of 2021, the toll revenue of the Group’s expressway projects in Mainland China and Indonesia recorded an increase as compared with the corresponding period in 2020, which enabled the Group’s share of profits of infrastructure joint ventures in the first half of the year to reach HK\$346 million, representing a substantial increase as compared with HK\$8 million in the corresponding period of last year.

Going forward, the Group will continue to look for suitable new expressway projects in Mainland China and the countries along the Belt and Road, especially Indonesia, to strengthen its toll road business.

Overview of Toll Road Projects

Baojin Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 19% and 152% as compared with the corresponding period of last year, respectively. The increase was mainly due to the lower revenue base as a result of toll-free traffic during the Pandemic in the first half of 2020. Although the project was affected by the short-term unfavourable factors of the Pandemic in Hebei Province in January and February this year, the traffic volume and toll revenue have increased with the gradual increase in the scale of construction in the Xiong’an New Area. It is expected that the traffic volume and revenue of Baojin Expressway will maintain the performance of the first half of the year with steady growth in the second half of the year.

Tangjin Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 10% and 153% as compared with the corresponding period of last year, respectively. The increase was mainly due to the lower revenue base as a result of toll-free traffic during the Pandemic in the first half of 2020. The project was affected by the Pandemic in Hebei Province in January and February this year and the unfavourable factors of production restriction of large-scale steel plants due to environmental governance, which partially offset the increase in traffic volume and toll revenue. It is expected that the traffic volume and revenue of Tangjin Expressway will remain stable in the second half of the year.

Changyi Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 7% and 78% as compared with the corresponding period of last year, respectively. The increase was mainly due to the lower revenue base as a result of toll-free traffic during the Pandemic in the first half of 2020. After the opening of the Changyi North Line, long-distance vehicles reduced the use of Changyi Expressway, thereby reducing traffic control, attracting the rise of inter-area traffic, and making up for the loss of tolls due to diversion of traffic. It is expected that the traffic volume and revenue of Changyi Expressway will remain stable in the second half of the year. At present, the project company is closely following up the local government’s compensation plan for the loss of toll revenue due to the toll-free policy implemented for all toll roads in Mainland China for the period from 17 February to 5 May 2020 in response to the prevention and control of the Pandemic (the “Toll-free Policy”) and toll mileage reduction of 6.057 kilometres.

Management Discussion and Analysis (continued)

Longcheng Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 42% and 182% as compared with the corresponding period of last year, respectively. The increase was mainly due to the lower revenue base as a result of toll-free traffic during the Pandemic in the first half of 2020. Benefiting from the recovery of industrial production in Shanxi Province and the control policy for trucks on Taiyuan Ring Expressway, the traffic volume increased and some trucks were diverted to this project. It is expected that the control of trucks on Taiyuan Ring Expressway will continue to bring certain growth to the traffic volume and revenue of Longcheng Expressway in the second half of the year. The project company is still following up with the local government to develop a compensation plan for the loss of toll revenue due to the Toll-free Policy last year.

Machao Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 17% and 186% as compared with the corresponding period of last year, respectively. The increase was mainly due to the lower revenue base as a result of toll-free traffic during the Pandemic in the first half of 2020. Due to the four-lane-to-eight-lane expansion of the Nanjing section of He-Ning Expressway and the closure of the Maxi hub's B ramp for its expansion, some vehicles were diverted and detoured to Machao Expressway. It is expected that the traffic volume and revenue of Machao Expressway will remain in this condition in the second half of the year. The project is still following up with the local government to implement the compensation plan for the loss of toll revenue due to the Toll-free Policy last year.

SN Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 46% and 40% as compared with the corresponding period of last year, respectively, mainly due to a lower revenue base as a result of the severe impact of the Pandemic on the Java region of Indonesia in the corresponding period of last year. The overall operation of the project in the first half of the year was better than that of the corresponding period of last year. However, as the Pandemic surged in late June, the Indonesian government began to implement emergency public activity restrictions in multiple major cities in Java on 3 July. The traffic volume and revenue in the second half of the year will depend on the development of the Pandemic. The Group will actively promote the implementation of a price adjustment mechanism in the second half of the year to make up for the loss of tolls caused by the Pandemic.

NKK Expressway

In the first half of 2021, the average daily traffic volume and toll revenue increased by 43% and 39% as compared with the corresponding period of last year, respectively, mainly due to the project's successful application for a toll fee increase of approximately 3% on 29 April during the period and a lower revenue base as a result of the impact of the Pandemic on the Java region of Indonesia in the corresponding period of last year. Despite the impact of the Pandemic, the overall operation in the first half of this year was still better than that of the corresponding period of last year. As the Pandemic in Indonesia turned severe in late June, the government began to implement emergency public activity restrictions in multiple cities in Java on 3 July. The traffic volume and revenue in the second half of the year will depend on the development of the Pandemic, and it is expected that the performance of the project in the second half of the year will be adversely affected.

The project's remaining section that has not yet constructed of approximately 28 kilometres from Kertosono to Kediri will be postponed to next year.

MKTT Expressway

MKTT Expressway, newly acquired by the Group on 22 April 2021, is part of the Trans Sumatra expressway network, connecting Medan. The concession period of MKTT Expressway is 40 years until 2056, with a total length of 61.7 kilometres. From the date of acquisition by the Group to 30 June 2021, the average daily traffic volume was 17,100 vehicles and the toll revenue was RMB31 million. During the period, the project company successfully applied for a toll fee increase of approximately 3% on 24 May. The Pandemic in Sumatra, Indonesia worsened after June, though less severe than that in Java. The government began to implement emergency public activity restrictions in Medan on 12 July. The traffic volume and revenue in the second half of the year will depend on the development of the Pandemic, and the impact is estimated to be minimal.

(iii) IAM Segment

The COVID-19 incident continues to influence the investment mode, consumption habit, travel pattern and working style. After conducting an in-depth review of the business model of investment and asset management businesses, the Group has merged the cultural, tourist and commercial business and property development business of IAM Segment into its existing Property Segment to centralise its management, rectify the existing investment and asset management businesses that are more affected by the Pandemic and suspend the investment in new businesses.

In the first half of 2021, the property development projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB741 million, comprising the contracted sales of RMB459 million and outstanding subscribed sales of approximately RMB282 million. As of 30 June 2021, the land reserve of IAM Segment was approximately 1,250,000 sqm, which was mainly located in Henan Province, and the total area of properties pre-sold but yet to be delivered was 120,000 sqm.

After reorganisation and rectification, the business scale of remaining original investment and asset management businesses has been significantly reduced, mainly include property fund, cultural and entertainment businesses. The Group will continue to review the operating conditions of the remaining businesses and make adjustments in due course.

FINANCIAL REVIEW OF THE GROUP

Unaudited Condensed Consolidated Statement of Profit or Loss

The table below extracted major items from the condensed consolidated statement of profit or loss of the Group for each of the six months ended 30 June 2021 and 2020.

| | For the period ended 30 June | |
|---|------------------------------|----------------------|
| | 2021 HK\$'million | 2020 HK\$'million |
| Revenue | 4,949 | 8,184 |
| Gross profit | 1,276 | 2,593 |
| Interest and other income, net | 548 | 149 |
| Selling and operating expenses | (769) | (777) |
| Share of results of joint ventures and associates | 542 | 204 |
| Finance costs | (513) | (555) |
| Profit before taxation | 1,084 | 1,614 |
| Income tax expenses | (437) | (822) |
| Profit for the period | 647 | 792 |
| Profit attributable to: | | |
| – Owners of the Company | 325 | 430 |
| – Owners of perpetual capital securities | 262 | 265 |
| – Non-controlling interests of subsidiaries | 60 | 97 |
| | 647 | 792 |

Revenue and Gross Profit

During the period under review, revenue and gross profit of the Group 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

The increase in interest and other net income was mainly attributable to the substantial appreciation of Renminbi during the period. The Group recorded net exchange gains of approximately HK\$311 million (2020: HK\$11 million). In addition, due to the outbreak of COVID-19 last year, the fair value of investment properties held by the Group recorded a decrease in the corresponding period of last year. As the Pandemic alleviated this year, the relevant fair value increased slightly.

Share of Results of Joint Ventures and Associates

During the period under review, the Group’s share of profit was mainly derived from the profit of infrastructure joint ventures of approximately HK\$346 million and the profit of property joint ventures and associates of approximately HK\$196 million. For details, please refer to the analysis of each business segment. The low profit contribution in the corresponding period of last year was mainly due to the imposition of the Toll-free Policy in Mainland China since the outbreak of COVID-19. In the first half of 2021, as the Pandemic in Mainland China was brought under control and economic activities resumed steadily, the profit from infrastructure joint ventures increased significantly as compared with the corresponding period of last year.

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 2020 which increased the provision for land appreciation tax.

Management Discussion and Analysis (continued)

Unaudited Condensed Consolidated Statement of Financial Position

The table below summarised the major items of the condensed consolidated statement of financial position of the Group as at 30 June 2021 and 31 December 2020.

| | 30 June 2021 HK\$'million | 31 December 2020 HK\$'million |
|--|--|-------------------------------------|
| Non-current assets | | |
| – Investments in joint ventures and associates (including shareholders' loans) | 26,906 | 25,146 |
| – Investment properties | 4,231 | 4,046 |
| – Other non-current assets | 3,099 | 2,116 |
| | 34,236 | 31,308 |
| Current assets | | |
| – Inventory of properties (including prepayment for land leases) | 51,669 | 47,865 |
| – Bank balances and cash (including pledged bank deposits) | 22,455 | 14,171 |
| – Shareholders' loans to joint ventures and associates | 2,613 | 3,939 |
| – Other current assets | 7,136 | 5,998 |
| | 83,873 | 71,973 |
| Non-current liabilities | | |
| – Bank and other borrowings | (26,758) | (24,631) |
| – Other non-current liabilities | (1,359) | (1,333) |
| | (28,117) | (25,964) |
| Current liabilities | | |
| – Creditors and accrued charges | (10,793) | (10,685) |
| – Loans from joint ventures and associates | (5,079) | (4,432) |
| – Deposits from pre-sale of properties | (16,539) | (7,819) |
| – Bank and other borrowings | (16,500) | (13,425) |
| – Other current liabilities | (7,281) | (7,914) |
| | (56,192) | (44,275) |
| Total equity (including perpetual capital securities) | 33,800 | 33,042 |

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

It mainly represented the Group's interests in infrastructure joint ventures of HK\$5,246 million and interests in property joint ventures and associates of HK\$24,273 million, including shareholders' short term loans to the projects (included in current assets). The increase in balance was mainly attributable to the completion of the acquisition of the Indonesian MKTT Expressway during the period, which resulted in an increase in interests in infrastructure joint ventures. 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 an 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 2021, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK\$2,754 million (31 December 2020: HK\$2,778 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 set out in note 12 of the condensed consolidated financial statements. During the period, the increase in the balance was mainly due to the increase in the leased areas of the Group's commercial properties in Beijing and Ningbo. As at 30 June 2021, the total floor area of the investment properties of the Group was approximately 358,000 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 two joint venture project companies in Zhengzhou and Liyan were accounted for as consolidated subsidiaries during the period, leading to an increase in the balance of inventory of properties.

Bank Balances and Cash (including Pledged Bank Deposits)

The increase in bank balances and cash was mainly due to the substantial increase in proceeds from pre-sale of property projects, the issuance of US\$500 million guaranteed senior notes and the drawdown of a number of offshore loans during the period.

Deposits from Pre-sale of Properties

The increase in deposits from pre-sale of properties was mainly due to the increase in the area and average selling price of pre-sold properties as compared to the corresponding period of last year. As at 30 June 2021, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 2,150,000 sqm.

Management Discussion and Analysis (continued)

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 2021 HK\$'million | 31 December 2020 HK\$'million |
|---------------------------------------|---------------------------------|-------------------------------------|
| Repayable: | | |
| On demand | 2,902 | 616 |
| Within one year | 13,597 | 12,809 |
| After one year but within two years | 9,027 | 9,063 |
| After two years but within five years | 16,483 | 14,619 |
| More than five years | 1,249 | 949 |
| Total loans | 43,258 | 38,056 |

Source of Loans

| | 30 June 2021 | 31 December 2020 |
|------------------|-----------------|---------------------|
| Short term loans | 38% | 35% |
| Long term loans | 62% | 65% |
| Total | 100% | 100% |

Nature of Debts

| | 30 June 2021 | 31 December 2020 |
|-----------------|-----------------|---------------------|
| Unsecured loans | 70% | 68% |
| Secured loans | 30% | 32% |
| Total | 100% | 100% |

Currency Profile of Loans

| | 30 June 2021 | 31 December 2020 |
|-------|-----------------|---------------------|
| HKD | 7% | 9% |
| RMB | 37% | 39% |
| USD | 56% | 52% |
| Total | 100% | 100% |

Type of Loans

| | 30 June 2021 | 31 December 2020 |
|--------------------------|-----------------|---------------------|
| Guaranteed senior notes* | 47% | 48% |
| Other offshore loans | 16% | 13% |
| | 63% | 61% |
| Domestic bonds | 4% | 5% |
| Other onshore loans | 33% | 34% |
| | 37% | 39% |
| Total | 100% | 100% |

Interest Rates Basis

| | 30 June 2021 | 31 December 2020 |
|---------------|-----------------|---------------------|
| Floating rate | 43% | 46% |
| Fixed rate | 57% | 54% |
| 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\$2,596 million of guaranteed senior notes (annual rate ranging from 4.7% to 7.875%), of which US\$500 million 5.2% guaranteed senior notes were issued in January 2021; and
- (b) RMB1,500 million 7% domestic bonds.

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 2021, the net gearing ratio and the net capitalisation ratio of the Group were 62% and 38% 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.

In July 2021, the Group issued US\$500 million 5.125% guaranteed senior notes for the purpose of providing financial support or refinancing for eligible projects undertaken by the Group under the green finance framework.

Unaudited Condensed 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 2021 and 2020.

| | Six months ended 30 June | |
|---|--------------------------|----------------------|
| | 2021 HK\$'million | 2020 HK\$'million |
| Payment for land leases | (1,911) | (4,034) |
| Net cash from operating activities, other than payment for land leases | 7,897 | 1,815 |
| Net cash (used in) from investing activities, other than payment for land leases | (1,193) | 261 |
| Net cash from financing activities | 2,704 | 2,828 |
| Effect of change in exchange rates | 291 | (117) |
| Cash and cash equivalents at 1 January | 12,183 | 13,239 |
| Cash and cash equivalents at 30 June | 19,971 | 13,992 |

Management Discussion and Analysis (continued)

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

During the period, the payments of land premiums were mainly for projects newly acquired in Langfang, Suzhou, Wuxi and Nanjing. The details on new land parcels acquired are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment". Subsequent to the period and up to the date of this report, the Group further made payments equivalent to HK\$931 million. As at the date of this report, the outstanding land premiums were equivalent to approximately HK\$1,809 million.

Net Cash from 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 substantial increase in cash generated from the pre-sales and sales of properties during the period.

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

During the period, there was a net cash outflow from investment activities, mainly due to the increase in the Group's payment of loans and investment funds for property and infrastructure joint ventures during the period, including payment for the acquisition of the Indonesian MKTT Expressway. However, the decline was partially offset by the increase in cash or dividends received from joint ventures as compared with the corresponding period of last year.

Liquidity and Financial Resources

As at 30 June 2021, the equity attributable to owners of the Company was HK\$21,555 million (31 December 2020: HK\$20,928 million). Net assets per share attributable to owners of the Company was HK\$28.77 (31 December 2020: HK\$27.93).

As at 30 June 2021, the Group's total assets were HK\$118,109 million (31 December 2020: HK\$103,281 million) and bank balances and cash were HK\$22,337 million (31 December 2020: HK\$14,056 million), of which about 78% was denominated in Renminbi and the remaining 22% 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\$13,227 million. The drawdown of new loans was offset by repayment of certain bank loans and redemption of senior notes.

The Group continues to adopt prudent financing and treasury policies with all financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective and extensive considerations on liquidity risk, financing costs and exchange rate risk. 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 2021, bank balances of HK\$118 million (31 December 2020: HK\$115 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK\$13,050 million (31 December 2020: HK\$12,279 million) were pledged as security 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. In the first half of 2021, the Group recorded net exchange gains of approximately HK\$311 million. For minimising the impacts arising 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 international environment on exchange rate fluctuations, and will enter into foreign currency forward contracts to balance 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.

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 2021, the Group had provided guarantees of HK\$9,545 million (31 December 2020: HK\$8,880 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.

The Group had provided guarantees of HK\$3,289 million (31 December 2020: HK\$3,181 million) for banking facilities granted to the joint ventures of the Group as at 30 June 2021.

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

Employees

Excluding the staff of joint ventures and associates, the Group had 4,683 employees as at 30 June 2021. Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK\$577 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\$0.15 (2020: HK\$0.20) per share for the six months ended 30 June 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 6 September 2021.

It is expected that the payment of the interim dividend will be made on or before Thursday, 30 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 September 2021 to Monday, 6 September 2021, 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 Thursday, 2 September 2021 for registration.

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 2021.

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 2021.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2021, 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 2021.

(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 30 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2020.

During the six months ended 30 June 2021, 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 | RKI Overseas Finance 2017 (A) Limited | Personal | US\$300 million 7% senior guaranteed perpetual capital securities | 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 2021, 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 | 332,415,428 | – | 44.36 |
| Wai Kee (Zens) Holding Limited (Note 3) | Interest in controlled corporation | 332,415,428 | – | 44.36 |
| Groove Trading Limited (Note 4) | Beneficial owner | 77,687,000 | – | 10.37 |
| 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. Mr. Zen Wei Peu, Derek is a director of Wai Kee Holdings Limited.
3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited. Mr. Zen Wei Peu, Derek is a director 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. Mr. Zen Wei Peu, Derek is a director 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. Mr. Zen Wei Peu, Derek is a director of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Mr. Zen Wei Peu, Derek is a director 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). Ms. Cai Xun is a director of 深業集團有限公司.
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its approximately 63.18% interests in Shenzhen Investment Limited. Ms. Cai Xun 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. Both Mr. Dong Fang and Ms. Cai Xun are directors of Shenzhen Investment 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 2021.

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

During the period, the Company redeemed an aggregate principal amount of US\$215.6 million of US\$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited. Following the redemption, the notes were cancelled.

Save as disclosed above, 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 2021.

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 2021, is as follows:

| | At 30 June 2021 HK\$'million |
|--|---|
| Statement of Financial Position | |
| Non-current assets | 12,475 |
| Current assets | 40,818 |
| Current liabilities | (24,323) |
| Net current assets | 16,495 |
| Non-current liabilities | (19,819) |
| Net assets | 9,151 |

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

| | The Group's attributable interests 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 |
|---|---|--|--|
| Suzhou Zhongjiao RK Properties Co., Ltd.* | 49% | – | 286 |
| Nanjing Zhongjin Properties Developments Ltd.* | 40% | – | 167 |
| Shanghai Junyue Real Estate Ltd.* | 49% | – | 151 |
| Hebei Jiantou Road King Urbanization Construction & Development Co., Ltd.* | 45% | – | 490 |
| Hebei Jiantou Junhui Properties Developments Ltd.* | 27% | – | 344 |
| Tianjin Junda Corporate Management Co., Ltd.* | 50% | – | 655 |
| Guangzhou Runhe Real Estate Co., Ltd.* | 30% | – | 239 |
| Shum King Company Limited | 50% | 738 | 2,262 |
| Foshan Qihui Properties Co., Ltd.* | 49% | – | 950 |
| Jinan Junsheng Properties Developments Co., Ltd.* | 50% | – | 1,297 |
| Wuxi Xinsheng Real Estate Co., Ltd.* | 20% | – | 142 |
| Jinan Yajun Properties Developments Co., Ltd.* | 50% | – | 610 |
| Wuxi Xisheng Properties Developments Co., Ltd.* | 20% | – | 62 |
| Wuxi Yejing Properties Developments Co., Ltd.* | 24.75% | – | 286 |

Other Disclosures (continued)

| | The Group's attributable interests 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 |
|---|--|---|---|
| Nanjing Zhaoying Properties Developments Co., Ltd.* | 36% | – | 83 |
| Suzhou Huyue Properties Developments Co., Ltd.* | 30% | – | 242 |
| Suzhou Huxi Properties Developments Co., Ltd.* | 35% | – | 311 |
| Nanjing Xinjinlian Properties Developments Co., Ltd.* | 20% | – | 568 |
| Holovis International Ltd | 40% | – | 70 |
| Tianjin Juntai Properties Developments Co., Ltd.* | 50% | 326 | – |
| Zhengzhou Junzheng Properties Developments Co., Ltd.* | 49.9% | 269 | – |
| PT Jasamarga Ngawi Kertosono Kediri <i>(note)</i> | 40% | – | 23 |
| PT Jasamarga Solo Ngawi <i>(note)</i> | 40% | – | 81 |
| Anhui Machao Expressway Co., Ltd.* <i>(note)</i> | 49% | 287 | 14 |
| | | 1,620 | 9,333 |

Note:

As at 30 June 2021, 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

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 7.875% notes due 2023 (issued in February 2019);
- (c) US\$480 million 6.7% notes due 2024 (issued in September 2019);
- (d) US\$300 million 5.9% notes due 2025 (issued in March 2020);
- (e) US\$416 million 6% notes due 2025 (issued in September 2020);
- (f) US\$500 million 5.2% notes due 2026 (issued in January 2021);
- (g) US\$500 million 5.125% notes due 2026 (issued in July 2021);
- (h) US\$300 million 7.95% perpetual capital securities (issued in February 2017);
- (i) US\$300 million 7% perpetual capital securities (issued in June 2017); and
- (j) US\$300 million 7.75% fixed-spread perpetual capital securities (issued in November 2019).

During the period, US\$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited, were cancelled and delisted from the Singapore Exchange Securities Trading Limited. For details, please refer to the section headed "Repurchase, Sale or Redemption of Listed Securities of the Group".

Other Disclosures (continued)

3. Pursuant to Rule 13.51B(1) of the Listing Rules:

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. Ko Yuk Bing | <p>He retired from the positions of the Managing Director and Chief Executive Officer of the Company with effect from 1 July 2021 due to his advanced age.</p> <p>His annual basic salary was revised to HK\$3.94 million with effect from 1 July 2021.</p> |
| Mr. Fong Shiu Leung, Keter | <p>He became the Chief Executive Officer and ceased his roles as Deputy Chief Executive Officer, Finance Director and Company Secretary of the Company with effect from 1 July 2021.</p> <p>His annual basic salary was revised to HK\$5 million with effect from 1 July 2021.</p> |
| Mr. Mou Yong | <p>He retired as a Non-executive Director of the Company with effect from the conclusion of the annual general meeting held on 25 May 2021.</p> |
| Ms. Cai Xun | <p>She was appointed as a Non-executive Director of the Company with effect from the conclusion of the annual general meeting held on 25 May 2021.</p> <p>She entered into a letter of appointment with the Company for a period from 25 May 2021 to 24 May 2024, or the date of the annual general meeting of the Company to be held in 2024, whichever is earlier.</p> |
| Mr. Wong Wai Ho | <p>He entered into a letter of appointment with the Company for a period from 16 May 2021 to 15 May 2024, or the date of the annual general meeting of the Company to be held in 2024, whichever is earlier.</p> |

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.

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 2021, 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.

EXECUTIVE DIRECTORS

Zen Wei Peu, Derek (*Chairman*)
Ko Yuk Bing (*Deputy Chairman*)
Fong Shiu Leung, Keter (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTORS

Dong Fang
Cai Xun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho

PROPERTY BUSINESS MANAGEMENT COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Lee Tak Fai, Kennedy

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

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

PRINCIPAL BANKERS

Mainland China

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
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

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 7.875% 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\$416 million 6% guaranteed senior notes due 2025
- US\$500 million 5.2% guaranteed senior notes due 2026
- US\$500 million 5.125% guaranteed senior notes due 2026
- 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

The following commercial mortgage-backed securities
("CMBS") are listed on the Shenzhen Stock Exchange

- RMB270 million 5.5% CMBS due 2024
- RMB440 million 6.5% CMBS due 2024

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>

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-2 to F-40, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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 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 2021

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

| | NOTES | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Revenue | | | |
| Property sales and service income | 3(a) | 4,834,401 | 8,116,249 |
| Other revenue | | 114,637 | 68,109 |
| Total revenue | 3(c) | 4,949,038 | 8,184,358 |
| Cost of sales | | (3,672,569) | (5,591,447) |
| Gross profit | | 1,276,469 | 2,592,911 |
| Interest income | | 180,489 | 196,893 |
| Other income | | 74,773 | 48,716 |
| Other gains and losses | 5 | 292,425 | (96,613) |
| Selling expenses | | (365,760) | (280,294) |
| Administrative expenses | | (403,661) | (496,972) |
| Share of results of associates | | 142,053 | (2,731) |
| Share of results of joint ventures | 6 | 400,255 | 206,687 |
| Finance costs | 7 | (513,136) | (554,500) |
| Profit before taxation | 8 | 1,083,907 | 1,614,097 |
| Income tax expenses | 9 | (437,094) | (822,457) |
| Profit for the period | | 646,813 | 791,640 |
| Profit attributable to: | | | |
| Owners of the Company | | 325,132 | 430,034 |
| Owners of perpetual capital securities | | 262,092 | 264,587 |
| Non-controlling interests of subsidiaries | | 59,589 | 97,019 |
| | | 646,813 | 791,640 |
| Earnings per share | 11 | | |
| – Basic | | HK\$0.43 | HK\$0.57 |
| – Diluted | | N/A | N/A |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Profit for the period | 646,813 | 791,640 |
| Other comprehensive income (expense) | | |
| <i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i> | | |
| Fair value gains (losses) on hedging instruments designated in cash flow hedges | 58,497 | (95,429) |
| Reclassified to profit or loss upon early termination of hedging instruments | (5,386) | – |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising on translation to presentation currency | 698,619 | (245,521) |
| Other comprehensive income (expense) for the period | 751,730 | (340,950) |
| Total comprehensive income for the period | 1,398,543 | 450,690 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 1,039,518 | 118,211 |
| Owners of perpetual capital securities | 262,092 | 264,587 |
| Non-controlling interests of subsidiaries | 96,933 | 67,892 |
| | 1,398,543 | 450,690 |

Condensed Consolidated Statement of Financial Position

At 30 June 2021

| | NOTES | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|---|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 91,059 | 81,905 |
| Right-of-use assets | | 93,640 | 105,585 |
| Investment properties | 12 | 4,231,487 | 4,046,258 |
| Interests in associates | | 1,607,327 | 1,433,375 |
| Interests in joint ventures | 13 | 14,612,699 | 13,843,087 |
| Deferred tax assets | | 244,214 | 214,939 |
| Amounts due from joint ventures | 15 | 10,685,917 | 9,869,288 |
| Amounts due from non-controlling interests of subsidiaries | | 117,726 | – |
| Loan receivables | | 1,647,564 | 1,384,570 |
| Financial assets at fair value through profit or loss (“FVTPL”) | | 904,589 | 328,751 |
| | | 34,236,222 | 31,307,758 |
| Current assets | | | |
| Inventory of properties | 14 | 50,355,538 | 47,864,974 |
| Prepayment for land leases | | 1,313,491 | – |
| Amounts due from joint ventures and associates | 15 | 2,613,398 | 3,939,385 |
| Amounts due from non-controlling interests of subsidiaries | | 2,120,898 | 1,672,435 |
| Loan receivables | | 641,533 | 551,420 |
| Debtors, deposits and prepayments | 16 | 2,479,953 | 2,421,954 |
| Prepaid income tax | | 1,892,577 | 1,352,193 |
| Pledged bank deposits | 17 | 118,344 | 114,799 |
| Bank balances and cash | 17 | 22,336,831 | 14,055,969 |
| | | 83,872,563 | 71,973,129 |
| Total assets | | 118,108,785 | 103,280,887 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 18 | 74,934 | 74,934 |
| Reserves | | 21,480,294 | 20,852,911 |
| | | 21,555,228 | 20,927,845 |
| Perpetual capital securities | 19 | 6,951,733 | 6,952,437 |
| Non-controlling interests of subsidiaries | | 5,293,232 | 5,161,572 |
| Total equity | | 33,800,193 | 33,041,854 |

Condensed Consolidated Statement of Financial Position

At 30 June 2021

| | NOTES | 30 June 2021 (Unaudited) HK\$'000 | 31 December 2020 (Audited) HK\$'000 |
|--|-------|--|--|
| Non-current liabilities | | | |
| Bank and other borrowings | 20 | 26,758,304 | 24,631,423 |
| Deferred tax liabilities | | 1,279,623 | 1,172,600 |
| Financial liabilities at FVTPL | | – | 17,409 |
| Derivative financial instruments | 21 | – | 53,111 |
| Lease liabilities | | 79,091 | 89,609 |
| | | 28,117,018 | 25,964,152 |
| Current liabilities | | | |
| Creditors and accrued charges | 22 | 10,793,593 | 10,685,326 |
| Amounts due to joint ventures and associates | | 5,078,677 | 4,431,961 |
| Amounts due to non-controlling interests of subsidiaries | | 1,350,488 | 1,424,335 |
| Contract liabilities | | 16,539,351 | 7,819,246 |
| Lease liabilities | | 25,982 | 26,357 |
| Income tax payable | | 5,629,444 | 5,831,694 |
| Bank and other borrowings | 20 | 16,499,480 | 13,424,768 |
| Financial liabilities at FVTPL | | 274,559 | 182,672 |
| Other financial liabilities | 23 | – | 448,522 |
| | | 56,191,574 | 44,274,881 |
| Total equity and liabilities | | 118,108,785 | 103,280,887 |

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2021

| | Attributable to owners of the Company | | | | | | | | | | | |
|--|---------------------------------------|---------------------------|--|-----------------------------|---------------------------|-------------------------------|---------------------------------------|------------------------------|-----------------------|--|---|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Foreign currency translation reserve HK\$'000 | Special reserve HK\$'000 | Other reserve HK\$'000 | Statutory reserve HK\$'000 | Cash flow hedging reserve HK\$'000 | Retained profits HK\$'000 | Sub-total HK\$'000 | Perpetual capital securities HK\$'000 | Non-controlling interests of subsidiaries HK\$'000 | Total equity HK\$'000 |
| 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 21) | - | - | - | - | - | - | (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 | - | - | - | - | - | - | - | - | - | - | 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 10) | - | - | - | - | - | - | - | (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 |
| Balance at 1 January 2021 (audited) | 74,934 | 3,224,794 | 1,237,468 | 1,260,000 | 1,002,963 | 3,742,623 | (53,111) | 10,438,174 | 20,927,845 | 6,952,437 | 5,161,572 | 33,041,854 |
| Profit for the period | - | - | - | - | - | - | - | 325,132 | 325,132 | 262,092 | 59,589 | 646,813 |
| Fair value gains on hedging instruments (note 21) | - | - | - | - | - | - | 58,497 | - | 58,497 | - | - | 58,497 |
| Reclassified to profit or loss upon early termination of hedging instruments (note 21) | - | - | - | - | - | - | (5,386) | - | (5,386) | - | - | (5,386) |
| Exchange differences arising on translation to presentation currency | - | - | 661,275 | - | - | - | - | - | 661,275 | - | 37,344 | 698,619 |
| Total comprehensive income for the period | - | - | 661,275 | - | - | - | 53,111 | 325,132 | 1,039,518 | 262,092 | 96,933 | 1,398,543 |
| Sub-total | 74,934 | 3,224,794 | 1,898,743 | 1,260,000 | 1,002,963 | 3,742,623 | - | 10,763,306 | 21,967,363 | 7,214,529 | 5,258,505 | 34,440,397 |
| Capital contributions from non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | - | - | 34,727 | 34,727 |
| Distributions paid for perpetual capital securities | - | - | - | - | - | - | - | - | - | (262,796) | - | (262,796) |
| Dividend (note 10) | - | - | - | - | - | - | - | (412,135) | (412,135) | - | - | (412,135) |
| Balance at 30 June 2021 (unaudited) | 74,934 | 3,224,794 | 1,898,743 | 1,260,000 | 1,002,963 | 3,742,623 | - | 10,351,171 | 21,555,228 | 6,951,733 | 5,293,232 | 33,800,193 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

| | NOTES | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Operating activities: | | | |
| Operating cash flows before movements in working capital | | 603,483 | 1,898,109 |
| Payment for land leases | | (1,313,491) | (2,964,683) |
| Decrease in debtors, deposits and prepayments | | 106,220 | 1,742,329 |
| Decrease in inventory of properties | | 225,851 | 1,963,641 |
| Increase (decrease) in contract liabilities | | 8,488,743 | (1,228,823) |
| Decrease in creditors and accrued charges | | (308,306) | (931,939) |
| Cash generated from operations | | 7,802,500 | 478,634 |
| Income tax paid | | (1,219,084) | (1,628,812) |
| Net cash generated from (used in) operating activities | | 6,583,416 | (1,150,178) |
| Investing activities: | | | |
| Cash distributions/dividends received from joint ventures | | 722,461 | 25,328 |
| Net cash inflow from acquisition of subsidiaries | 24 | 22,313 | 59,112 |
| Acquisition of/capital contributions to joint ventures | | (833,811) | (1,196,743) |
| Advances to non-controlling interests of subsidiaries | | (633,688) | (1,191,497) |
| Advances to joint ventures | | (2,408,270) | (1,013,244) |
| Repayment from joint ventures | | 2,494,096 | 2,209,175 |
| Addition of investments in unlisted entities | | (597,877) | – |
| (Increase) decrease in pledged bank deposits | | (3,545) | 635,051 |
| (Increase) decrease in restricted bank balances | | (492,596) | 221,310 |
| Settlement of consideration payables | | (5,557) | (528,097) |
| Other investing cash flows | | (54,448) | (28,364) |
| Net cash used in investing activities | | (1,790,922) | (807,969) |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

| | NOTES | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2021 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 |
| Financing activities: | | | |
| New borrowings raised | | 13,227,467 | 9,217,856 |
| Repayment of borrowings | | (8,571,880) | (4,575,171) |
| Cash consideration paid for other financial liabilities | | (448,522) | – |
| Expenses paid for perpetual capital securities | | – | (7,805) |
| Repayment of lease liabilities | | (15,846) | (19,770) |
| Capital contributions from non-controlling interests of subsidiaries | | 34,727 | 723,183 |
| Advances from non-controlling interests of subsidiaries | | 788,474 | 24,743 |
| Repayment to non-controlling interests of subsidiaries | | (831,711) | (1,086,507) |
| Advances from joint ventures and associates | | 1,671,255 | 1,101,225 |
| Repayment to joint ventures and associates | | (1,193,352) | (444,663) |
| Dividends paid for non-controlling interests of subsidiaries | | (156,220) | – |
| Distributions paid for perpetual capital securities | | (262,796) | (265,065) |
| Dividend paid | | (412,135) | (659,416) |
| Interest paid | | (1,125,150) | (1,180,489) |
| Net cash from financing activities | | 2,704,311 | 2,828,121 |
| Net increase in cash and cash equivalents | | 7,496,805 | 869,974 |
| Cash and cash equivalents at 1 January | | 12,183,058 | 13,238,530 |
| Effect of foreign exchange rate changes | | 291,461 | (116,639) |
| Cash and cash equivalents at 30 June | | 19,971,324 | 13,991,865 |
| Add: Designated bank balances | 17 | 2,365,507 | 990,998 |
| Total bank balances and cash | 17 | 22,336,831 | 14,982,863 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 (“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”).

2. 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 additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied 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 2021 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|---|--|
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

Except as described below, the directors of the Company (the “Directors”) anticipate that the application of the amendments to HKFRSs in the current interim 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs (Continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

2.1.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Hedge accounting

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Cash flows hedges

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs (Continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (Continued)

2.1.1 Accounting policies (Continued)

Leases

The Group as a lessee

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

The Group as a lessor

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs (Continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (Continued)

2.1.2 Transition and summary of effects

As at 1 January 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

| | HKD Hong Kong Interbank Offered Rate ("HIBOR") HK\$'000 | USD London Interbank Offered Rate ("LIBOR") HK\$'000 |
|------------------------------|--|---|
| Financial liabilities | | |
| Bank and other borrowings | 3,571,418 | 1,635,196 |
| Derivatives | | |
| Interest rate swaps | – | 2,325,000 |

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank and other borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ended 31 December 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE

(a) Revenue from contracts with customers

| By segment | Six months ended 30 June 2021 | | | Six months ended 30 June 2020 | | |
|--|---|---|-------------------|---|---|-------------------|
| | 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 | 4,509,910 | 53,542 | 4,563,452 | 7,793,003 | 91,600 | 7,884,603 |
| Property management and other service income | 266,324 | 4,625 | 270,949 | 227,370 | 4,276 | 231,646 |
| Total | 4,776,234 | 58,167 | 4,834,401 | 8,020,373 | 95,876 | 8,116,249 |
| Geographical market | | | | | | |
| Mainland China | 3,571,487 | 58,167 | 3,629,654 | 8,020,373 | 95,876 | 8,116,249 |
| Hong Kong | 1,204,747 | – | 1,204,747 | – | – | – |
| Total | 4,776,234 | 58,167 | 4,834,401 | 8,020,373 | 95,876 | 8,116,249 |
| Timing of revenue recognition | | | | | | |
| Goods recognised at a point in time | 4,509,910 | 53,542 | 4,563,452 | 7,793,003 | 91,600 | 7,884,603 |
| Services recognised over time | 266,324 | 4,625 | 270,949 | 227,370 | 4,276 | 231,646 |
| Total | 4,776,234 | 58,167 | 4,834,401 | 8,020,373 | 95,876 | 8,116,249 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. 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 2021 | | | Six months ended 30 June 2020 | | |
|--|---|---|-------------------|---|---|-------------------|
| | 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 3(a)) | 4,776,234 | 58,167 | 4,834,401 | 8,020,373 | 95,876 | 8,116,249 |
| Fund investment income (note) | - | 21,240 | 21,240 | - | 16,965 | 16,965 |
| Gross rental and other income from commercial properties | 91,842 | 1,555 | 93,397 | 49,991 | 1,153 | 51,144 |
| Other revenue | 91,842 | 22,795 | 114,637 | 49,991 | 18,118 | 68,109 |
| Total revenue of the Group (note 4) | 4,868,076 | 80,962 | 4,949,038 | 8,070,364 | 113,994 | 8,184,358 |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE (CONTINUED)

(c) Total revenue of the Group

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Property sales and service income | 4,834,401 | 8,116,249 |
| Fund investment income | 21,240 | 16,965 |
| Gross rental and other income from commercial properties | 93,397 | 51,144 |
| Total revenue of the Group | 4,949,038 | 8,184,358 |
| Group's share of revenue of property joint ventures and associates | 4,077,112 | 2,710,513 |
| Group's share of toll revenue of infrastructure joint ventures | 954,127 | 398,030 |
| Revenue of the Group and Group's share of revenue of joint ventures and associates | 9,980,277 | 11,292,901 |

4. 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 and/or potential capital appreciation
- Toll road – development, operation and management of toll roads
- Investment and asset management – property development and investment, integrated with property fund, cultural, tourist and commercial businesses

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (CONTINUED)

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 2021 | | | | Six months ended 30 June 2020 | | | |
|--|-------------------------------------|-----------|---------------------------------|--------------|-------------------------------------|-----------|---------------------------------|--------------|
| | Property development and investment | Toll road | Investment and asset management | Total | Property development and investment | Toll road | Investment and asset management | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | 4,868,076 | – | 80,962 | 4,949,038 | 8,070,364 | – | 113,994 | 8,184,358 |
| Segment profit (loss) | 649,856 | 303,421 | (278,623) | 674,654 | 1,060,164 | 5,008 | (226,818) | 838,354 |
| | At 30 June 2021 | | | | At 31 December 2020 | | | |
| | Property development and investment | Toll road | Investment and asset management | Total | Property development and investment | Toll road | Investment and asset management | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment assets (including interests in joint ventures and associates) | 99,538,214 | 6,142,286 | 10,529,013 | 116,209,513 | 85,810,067 | 6,035,653 | 9,515,000 | 101,360,720 |
| Segment liabilities | (81,236,455) | (334,414) | (1,354,475) | (82,925,344) | (65,638,092) | (318,436) | (1,999,178) | (67,955,706) |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. 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 gains (losses) on disposals/written off of property, plant and equipment, impairment loss on long-term prepayments, fair value gains (losses) 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 (liabilities) at FVTPL, losses on investments in financial liabilities at FVTPL, gains on hedging instruments reclassified from hedging reserve, net exchange gains (losses), depreciation of property, plant and equipment, depreciation of right-of-use assets, 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, inventory of properties, prepayment for land leases, amounts due from joint ventures and associates, 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, amounts due to joint ventures and associates, amounts due to non-controlling interests of subsidiaries, contract liabilities, lease liabilities, income tax payable, bank and other borrowings, other financial liabilities, financial liabilities at FVTPL, derivative financial instruments and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION *(CONTINUED)*

(b) Reconciliation of total segment profit, total segment assets and total segment liabilities

| | Six months ended 30 June | |
|------------------------------------|-----------------------------|---------------------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Total segment profit | 674,654 | 838,354 |
| Unallocated items: | | |
| Interest income | 1,138 | 9,510 |
| Corporate income | 16,052 | – |
| Corporate expenses | (7,087) | (14,963) |
| Finance costs | (37,944) | (41,261) |
| Consolidated profit for the period | 646,813 | 791,640 |
| | | |
| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
| Total segment assets | 116,209,513 | 101,360,720 |
| Unallocated assets: | | |
| Property, plant and equipment | – | 4 |
| Right-of-use assets | 24,313 | 27,118 |
| Deposits and prepayments | 44,974 | 24,975 |
| Bank balances and cash | 1,829,985 | 1,868,070 |
| Consolidated total assets | 118,108,785 | 103,280,887 |
| Total segment liabilities | (82,925,344) | (67,955,706) |
| Unallocated liabilities: | | |
| Accrued charges | (7,618) | (5,628) |
| Bank and other borrowings | (1,341,531) | (2,239,948) |
| Financial liabilities at FVTPL | (8,454) | (9,467) |
| Lease liabilities | (25,645) | (28,284) |
| Consolidated total liabilities | (84,308,592) | (70,239,033) |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. OTHER GAINS AND LOSSES

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Net exchange gains (losses) | 404,235 | (56,090) |
| Change in fair value of financial liabilities at FVTPL | | |
| – relating to the foreign currency forward contracts | (72,565) | 66,858 |
| Losses on investments in financial liabilities at FVTPL | | |
| – relating to the foreign currency forward contracts | (21,155) | – |
| | 310,515 | 10,768 |
| Change in fair value of financial asset at FVTPL | | |
| – relating to the investment in a listed entity | (29,308) | – |
| Gains on hedging instruments reclassified from hedging reserve (note 21) | 5,386 | – |
| Net gains (losses) on disposals/written off of property, plant and equipment | 265 | (9) |
| Impairment loss on long-term prepayments | – | (36,626) |
| Fair value gains (losses) on transfer of completed properties held for sale to investment properties | 243 | (7,038) |
| Change in fair value of investment properties | 5,324 | (63,708) |
| | 292,425 | (96,613) |

6. SHARE OF RESULTS OF JOINT VENTURES

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Share of profits of infrastructure joint ventures before amortisation and taxation | 606,423 | 147,651 |
| Less share of: | | |
| – Amortisation of toll road operation rights | (153,273) | (129,386) |
| – Income tax expenses | (106,779) | (10,095) |
| | 346,371 | 8,170 |
| Share of profits of other joint ventures | 53,884 | 198,517 |
| | 400,255 | 206,687 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. FINANCE COSTS

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Interest on borrowings | 1,152,287 | 1,187,605 |
| Interest on lease liabilities | 2,886 | 4,266 |
| Other interest and finance costs | 144,525 | 108,513 |
| | 1,299,698 | 1,300,384 |
| Less: Capitalised in properties under development for sale | (786,562) | (745,884) |
| | 513,136 | 554,500 |

8. PROFIT BEFORE TAXATION

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Profit before taxation has been arrived at after charging: | | |
| Depreciation of right-of-use assets | 14,611 | 20,431 |
| Depreciation of property, plant and equipment | 7,676 | 13,440 |
| | 22,287 | 33,871 |
| Less: Capitalised in properties under development for sale | (625) | (123) |
| | 21,662 | 33,748 |
| and after crediting: | | |
| Bank interest income | 75,264 | 61,698 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Current tax: | | |
| Hong Kong profits tax | 42,328 | – |
| PRC enterprise income tax (“EIT”) | 176,659 | 537,183 |
| PRC land appreciation tax (“LAT”) | 127,209 | 281,375 |
| Withholding tax | 34,848 | – |
| | 381,044 | 818,558 |
| Deferred tax | 56,050 | 3,899 |
| | 437,094 | 822,457 |

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits 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 the People’s Republic of China (“PRC”) tax laws and regulations, which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

10. DIVIDEND PAID

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| 2020 final dividend paid of HK\$0.55 (six months ended 30 June 2020: 2019 final dividend paid of HK\$0.88) per share | 412,135 | 659,416 |

An interim dividend in respect of 2021 of HK\$0.15 (six months ended 30 June 2020: HK\$0.20) per share amounting to a total of approximately HK\$112 million (six months ended 30 June 2020: HK\$150 million) was declared by the Board of Directors on 18 August 2021. 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 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. 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 | |
|---|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Earnings for the purposes of basic earnings per share attributable to owners of the Company | 325,132 | 430,034 |

| | Six months ended 30 June | |
|--|-------------------------------------|-------------------------------------|
| | 2021 Number of shares '000 | 2020 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 2021 and 2020 were presented as there were no dilutive potential ordinary shares in issue for both interim periods.

12. INVESTMENT PROPERTIES

| | HK\$'000 |
|---|------------------|
| Completed properties, at fair value | |
| At 1 January 2021 | 4,046,258 |
| Addition during the period | 98 |
| Transfer from completed properties held for sale (note (a)) | 82,597 |
| Change in fair value recognised in profit or loss (note (b)) | 5,324 |
| Exchange difference arising on translation to presentation currency | 97,210 |
| At 30 June 2021 | 4,231,487 |

Notes:

- The change in use of the properties were evidenced by the inception of lease contracts. The amounts included fair value gains of HK\$243,000 on transfer of completed properties held for sale to investment properties.
- It represented unrealised fair value gains of HK\$5,324,000 relating to investment properties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. INVESTMENT PROPERTIES (CONTINUED)

The fair values of completed investment properties at the date of transfer, 30 June 2021 and 31 December 2020 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 Mainland China. 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.

13. INTERESTS IN JOINT VENTURES

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Interests in infrastructure joint ventures | | |
| Cost of investments | 6,373,355 | 5,717,025 |
| Return of cost of investments (note (a)) | (3,205,072) | (3,046,435) |
| Share of post-acquisition profits, net of dividends received | 1,286,073 | 1,178,291 |
| Exchange adjustments | 664,418 | 563,549 |
| | 5,118,774 | 4,412,430 |
| Interests in property and other joint ventures | | |
| Cost of investments | 8,951,006 | 8,731,073 |
| Share of post-acquisition profits, net of dividends received | 491,533 | 803,840 |
| Unrealised profits (note (b)) | (273,091) | (215,682) |
| Exchange adjustments | 324,477 | 111,426 |
| | 9,493,925 | 9,430,657 |
| | 14,612,699 | 13,843,087 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. INTERESTS IN JOINT VENTURES (CONTINUED)

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 2021.
- (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 2021, the carrying amount of the liabilities of the joint venture undertaken by the Group was approximately HK\$2,753,586,000 (31 December 2020: HK\$2,777,504,000).
- (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 total consideration for the acquisition of equity interests and shareholders loans of the two joint ventures are Indonesia Rupiah ("IDR") 1,882,000,000,000 (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\$1,081,771,000) has been paid by the Group before 31 December 2019 and the remaining consideration of IDR224,800,000,000 (equivalent to HK\$122,147,000) was settled in December 2020.

In 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 capitalisation of shareholders loans in NKK JV is in proportion to the shareholding of respective shareholders.

In January 2020, the Group entered into capital injection agreement with two other joint venture partners pursuant to which the joint venture partners agreed to make further capital contribution to SN JV in proportion equity interest of the joint venture partners. As at 31 December 2020, the further capital contribution of IDR194,828,832,000 (equivalent to HK\$111,740,000) was fully paid by the Group.

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 as at 31 December 2019. The fair value of such contingent consideration that was provisionally determined at the acquisition date was adjusted retrospectively during the year ended 31 December 2020.

At 30 June 2021, the fair value of the consideration payable was determined by the Directors based on probability of the adjustment to the toll road tariff chargeable under the concession agreement.

Details of the fair value measurement of the contingent consideration are set out in note 30.

- (e) In April 2021, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 45% equity interest in PT Jasamarga Kualanamu Tol ("MKTT JV"), a limited liability company established in Indonesia. MKTT JV owns concession right of the toll road in Indonesia. The approval of the relevant activities of MKTT JV require unanimous consent of the two joint venture partners and MKTT JV is accounted for as a joint venture of the Group.

The total consideration for the acquisition of equity interests of MKTT JV is IDR1,236,000,000,000 (equivalent to HK\$656,330,000) in which IDR975,000,000,000 (equivalent to HK\$517,736,000) has been paid by the Group before 30 June 2021 and the remaining consideration of IDR261,000,000,000 (equivalent to HK\$141,910,000) will be settled at the earlier of the date on which MKTT JV achieves the agreed cumulative tariff adjustment and 30 June 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. INVENTORY OF PROPERTIES

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Completed properties held for sale | 8,090,148 | 10,508,549 |
| Properties under development for sale (note) | 42,265,390 | 37,356,425 |
| | 50,355,538 | 47,864,974 |

Note: Included in the amounts are properties under development for sale of HK\$19,382,862,000 (31 December 2020: HK\$19,624,121,000) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

15. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Amounts due from joint ventures and associates (note) | 13,299,315 | 13,808,673 |
| Current portion | 2,613,398 | 3,939,385 |
| Non-current portion | 10,685,917 | 9,869,288 |
| | 13,299,315 | 13,808,673 |

Note: The amounts due from joint ventures and associates 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 associates and the performance of the infrastructure joint ventures. Included in the balances at 30 June 2021, HK\$7,041,502,000 (31 December 2020: HK\$4,628,742,000) 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 ("LPR").

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16. DEBTORS, DEPOSITS AND PREPAYMENTS

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|-----------------------------|---------------------------------|
| Aged analysis of trade debtors, presented based on invoice dates (note (a)): | | |
| Within 60 days | 60,540 | 242,940 |
| 61 to 90 days | 9,581 | 10,733 |
| More than 90 days | 65,763 | 36,258 |
| Trade debtors from contracts with customers derived from goods and services | 135,884 | 289,931 |
| Prepayment for land development cost (note (b)) | 598,086 | 584,112 |
| Deposits paid for acquisition of inventory of properties (note (c)) | 737,323 | 644,930 |
| Prepayment of value added tax and other taxes | 287,310 | 215,037 |
| Other receivables, deposits and prepayments | 721,350 | 700,887 |
| Total debtors, deposits and prepayments | 2,479,953 | 2,434,897 |
| Less: Impairment loss on other receivables | – | (12,943) |
| | 2,479,953 | 2,421,954 |

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. For most of the Group's property projects, 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 2021, prepayment of land development cost of HK\$598,086,000 (31 December 2020: HK\$584,112,000) 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 2021, 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 and put the land into public auction and there is no material deviation from the agreed timetable so far.
- (c) The amounts at 30 June 2021 represent deposits for acquisition of property development projects in the Mainland China and Hong Kong, which will be fully refunded if the Group cannot acquire the land/property projects successfully.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$118,344,000 (31 December 2020: HK\$114,799,000) 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\$2,365,507,000 (31 December 2020: HK\$1,872,911,000) 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 the Mainland China and Hong Kong.

Bank balances carry interest at market rates which range from 0.01% to 2.8% (31 December 2020: 0.01% to 4.2%) per annum.

18. 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 2021 and 30 June 2021 | 749,336,566 | 74,934 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. PERPETUAL CAPITAL SECURITIES

| | Notes | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|-------|-----------------------------|---------------------------------|
| 2017 February perpetual capital securities | (a) | 2,348,475 | 2,348,515 |
| 2017 June perpetual capital securities | (a) | 2,284,882 | 2,283,261 |
| 2019 November perpetual capital securities | (b) | 2,318,376 | 2,320,661 |
| | | 6,951,733 | 6,952,437 |

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.
- (b) In November 2019, a wholly-owned subsidiary of the Company issued US\$300 million 7.75% senior guaranteed fixed spread perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is 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 issuer. The perpetual capital securities have no fixed maturity and are redeemable at the issuer's 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. BANK AND OTHER BORROWINGS

| | Notes | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|-------|-----------------------------|---------------------------------|
| 2016 September guaranteed senior notes | (a) | 3,930,946 | 3,925,807 |
| 2019 January guaranteed senior notes | (b) | – | 1,694,885 |
| 2019 February guaranteed senior notes | (c) | 3,187,543 | 3,183,424 |
| 2019 September guaranteed senior notes | (d) | 3,746,532 | 3,741,610 |
| 2020 March guaranteed senior notes | (e) | 2,353,315 | 2,351,439 |
| 2020 September guaranteed senior notes | (f) | 3,225,675 | 3,219,701 |
| 2021 January guaranteed senior notes | (g) | 3,922,423 | – |
| 2019 Domestic bonds | (h) | 1,891,963 | 1,766,036 |
| Bank loans | (i) | 20,312,899 | 18,020,992 |
| Other loans | (j) | 686,488 | 152,297 |
| | | 43,257,784 | 38,056,191 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. BANK AND OTHER BORROWINGS (CONTINUED)

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|---|-----------------------------|---------------------------------|
| The maturity of the above loans is as follows: | | |
| Unsecured borrowings repayable*: | | |
| Within one year | 6,844,027 | 8,094,740 |
| More than one year but not exceeding two years | 5,234,444 | 3,949,563 |
| More than two years but not exceeding five years | 15,503,038 | 13,068,746 |
| | 27,581,509 | 25,113,049 |
| Secured borrowings repayable*: | | |
| Within one year | 6,752,953 | 4,713,778 |
| More than one year but not exceeding two years | 3,792,509 | 5,113,160 |
| More than two years but not exceeding five years | 979,752 | 1,550,678 |
| More than five years | 1,248,561 | 949,276 |
| | 12,773,775 | 12,326,892 |
| Carrying amounts of unsecured bank loans contain | | |
| a repayable on demand clause | | |
| – repayable within one year | 2,402,500 | – |
| – repayable more than two years but not exceeding five years (shown under current liabilities) | 500,000 | 616,250 |
| Total borrowings | 43,257,784 | 38,056,191 |
| Less: Amounts classified as current liabilities | (16,499,480) | (13,424,768) |
| Amounts due over one year shown and classified as non-current liabilities | 26,758,304 | 24,631,423 |

* 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 2021

20. 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 2020: 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 nil (31 December 2020: US\$215,615,000) were listed on the Singapore Exchange and were issued in January 2019 bearing interest at a fixed rate of 7.75% per annum. The notes have been redeemed in February 2021 and subsequently delisted from Singapore Exchange with effect on 22 February 2021.
- (c) The 2019 February guaranteed senior notes with an outstanding principal amount of US\$400,000,000 (31 December 2020: 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 2020: 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 (31 December 2020: 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 2020 September guaranteed senior notes with an outstanding principal amount of US\$415,588,000 (31 December 2020: US\$415,588,000) are listed on the Singapore Exchange and were issued in September 2020. The notes, bearing interest at a fixed rate of 6% per annum, will mature in September 2025.
- (g) The 2021 January guaranteed senior notes with an outstanding principal amount of US\$500,000,000 are listed on the Singapore Exchange and were issued in January 2021. The notes, bearing interest at a fixed rate of 5.2% per annum, will mature in January 2026.
- (h) The Group has issued 2019 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 (31 December 2020: 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.
- (i) At 30 June 2021, bank loans with carrying amount of HK\$11,839,320,000 (31 December 2020: HK\$12,282,602,000) bear a floating interest rate based on either PBOC or LPR plus a specified margin, ranging from 4% to 7.13% (31 December 2020: 4.15% to 7.13%) per annum. At 30 June 2021, bank loans with carrying amount of HK\$1,579,784,000 (31 December 2020: HK\$531,776,000) bear interest at fixed rates of 4.5% to 5.22% (31 December 2020: 4.99% to 5.22%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either HIBOR or LIBOR plus a specified margin, ranging from 2.07% to 3.17% (31 December 2020: 1.46% to 5.68%) per annum.
- (j) At 30 June 2021, other loans with carrying amount of HK\$686,488,000 (31 December 2020: HK\$152,297,000) bear interest at a fixed rate ranging from 5.5% to 18% (31 December 2020: 18%) per annum and mainly include commercial mortgage-backed securities and amounts borrowed from certain trust companies.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. DERIVATIVE FINANCIAL INSTRUMENTS

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Derivative financial liabilities (under hedge accounting) | | |
| Cash flow hedges | | |
| – Interest rate swaps | – | 53,111 |

During the year ended 31 December 2020, the Group 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 31 December 2020 are as follows:

| | |
|-----------------------|-------------------|
| Notional amount | US\$300,000,000 |
| Maturity date | 18 November 2024 |
| Pay fixed rate range | 1.6% – 1.75% |
| Receive floating rate | USD 3-month LIBOR |

All of the above interest rate swaps are designated and effective as cash flow hedges. The fair value gains of the above interest rate swaps amounting to HK\$58,497,000 (six month ended 30 June 2020: fair value losses of HK\$95,429,000) were recognised in other comprehensive income and accumulated under the cash flow hedging reserve at 30 June 2021. In February and March 2021, all of the above interest rate swaps have been early terminated, resulting in gains of HK\$5,386,000 (six month ended 30 June 2020: nil) which were reclassified from hedging reserve to profit or loss in the same period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CREDITORS AND ACCRUED CHARGES

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Aged analysis of creditors presented based on invoice date: | | |
| Trade payables | | |
| Within 60 days | 858,942 | 1,057,611 |
| 61 to 90 days | 20,761 | 22,670 |
| More than 90 days | 1,432,107 | 1,080,965 |
| | 2,311,810 | 2,161,246 |
| Bills payables | | |
| Within 60 days | 8,485 | 9,461 |
| 61 to 90 days | 227 | 11,682 |
| More than 90 days | 25,548 | 139 |
| | 34,260 | 21,282 |
| Accrued construction costs | 4,448,296 | 5,672,305 |
| | 6,794,366 | 7,854,833 |
| Accrued taxes (other than EIT and LAT) | 881,807 | 796,862 |
| Consideration payable from acquisition of subsidiaries and joint ventures | 380,135 | 238,087 |
| Dividend payable to non-controlling interest of subsidiaries | – | 152,570 |
| Deposits received from customers for property purchases | 537,173 | 23,864 |
| Other payables (note) | 2,200,112 | 1,619,110 |
| | 10,793,593 | 10,685,326 |

Note: Included in other payables are an amount due to a shareholder of HK\$664,488,000 (31 December 2020: nil) in relation to jointly acquisition of land/property projects. Subsequent to the reporting period, the Group has fully repaid the amount due to the shareholder.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

23. 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 (equivalent to HK\$390,000,000). 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 HK\$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%.

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. During the six months ended 30 June 2021, the 26.32% shareholding in Best Key was repurchased by the Group and the total cash consideration paid to the Investor was US\$57,874,000 (equivalent to HK\$448,522,000).

The movement of the other financial liabilities at amortised cost is as follows:

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|-----------------------------|---------------------------------|
| Carrying amount at 1 January | 448,522 | 408,958 |
| Interest charge | – | 40,392 |
| Repurchased and cash contribution paid | (448,522) | – |
| Exchange adjustment | – | (828) |
| Carrying amount at 30 June 2021/31 December 2020 | – | 448,522 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

24. ACQUISITION OF SUBSIDIARIES

In January 2021, the Group entered into a sale and purchase agreement to acquire the remaining 40% equity interest in 溧陽宏景房地產開發有限公司 (“溧陽宏景”) from the PRC joint venture partner at a cash consideration of RMB120,000,000 (equivalent to HK\$143,541,000). 溧陽宏景 was a 60% joint venture of the Group engaging in the property development in Changzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

In January 2021, the Group entered into a sale and purchase agreement to acquire the remaining 49% equity interest in 鄭州路極旅遊小鎮開發有限公司 (“鄭州路極”) from the PRC joint venture partner at a cash consideration of RMB5,635,000 (equivalent to HK\$6,740,000). 鄭州路極 was a 51% joint venture of the Group engaging in the property development in Zhengzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

The aggregate net assets of the subsidiaries at the date of acquisition were as follows:

| | HK\$'000 |
|---|----------------|
| Property, plant and equipment | 362 |
| Deferred tax assets | 2,559 |
| Inventory of properties | 871,442 |
| Debtors, deposits and prepayments | 106,278 |
| Amounts due from the Group | 93,301 |
| Prepaid income tax | 17,113 |
| Bank balances and cash | 172,594 |
| Creditors and accrued charges | (180,810) |
| Amount due to the Group | (676,648) |
| Contract liabilities | (27,307) |
| | 378,884 |
| Satisfied by: | |
| Cash considerations paid | 150,281 |
| Interests in joint ventures disposed of | 228,603 |
| | 378,884 |
| Net cash inflow arising on acquisition: | |
| Cash considerations paid | (150,281) |
| Bank balances and cash acquired | 172,594 |
| | 22,313 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. CONTINGENT LIABILITIES

At 30 June 2021, the Group provided guarantees of HK\$9,544,697,000 (31 December 2020: HK\$8,879,572,000) 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 2021, the Group provided guarantee of HK\$3,288,555,000 (31 December 2020: HK\$3,180,588,000) 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 13(c).

26. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 17, the Group's inventory of properties of HK\$11,624,038,000 (31 December 2020: HK\$11,369,056,000) and investment properties of HK\$1,425,478,000 (31 December 2020: HK\$910,164,000) were pledged to banks to secure the banking facilities granted to the Group.

27. CAPITAL COMMITMENTS

| | 30 June 2021 HK\$'000 | 31 December 2020 HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Capital injection into joint ventures contracted for but not provided in the condensed consolidated financial statements | 251,101 | 361,332 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. RELATED PARTY TRANSACTIONS

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

| Related parties | Nature | Six months ended 30 June | |
|---|-----------------------------|--------------------------|------------------|
| | | 2021 HK\$'000 | 2020 HK\$'000 |
| Infrastructure joint ventures | Interest income | 6,565 | 2,654 |
| Property and other joint ventures | Interest income | 94,788 | 119,740 |
| Non-controlling interests of subsidiaries | Interest income | 3,872 | 12,801 |
| Property joint ventures | Interest expense | 26,263 | – |
| Property joint ventures | Management fee income | – | 10,044 |
| A subsidiary of a major shareholder of the Company | Construction costs incurred | 31,857 | 219,853 |
| A subsidiary of a major shareholder of the Company | Construction costs payable | 35,342 | 142,767 |

During the period ended 30 June 2021, 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\$32,702,000 (six months ended 30 June 2020: HK\$219,988,000) 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 2020, the Group had transferred the titles of two pieces of land included in prepayment for land leases of the Group at their carrying amounts of HK\$945,093,000 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 | |
|--------------------------------|--------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Short-term employment benefits | 93,953 | 147,241 |
| Post-employment benefits | 3,033 | 3,291 |
| | 96,986 | 150,532 |

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 2021

29. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2021 amounted to HK\$61,917,211,000 (31 December 2020: HK\$59,006,006,000). The Group's net current assets at 30 June 2021 amounted to HK\$27,680,989,000 (31 December 2020: HK\$27,698,248,000).

30. 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 2021

30. 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 2021 HK\$'000 | 31 December 2020 HK\$'000 | | |
| Investment in an unlisted entity (included in financial assets at FVTPL) | 886,646 | 282,022 | 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 a listed entity (included in financial assets at FVTPL) | 17,943 | 46,729 | Level 1 | <ul style="list-style-type: none"> Published price quotation available on the Nasdaq Capital Market. |
| Interest rate swaps (included in derivative financial instruments) | – | (53,111) | 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. |
| Foreign currency forward contracts (included in financial liabilities at FVTPL) | (169,078) | (94,669) | 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. |
| Contingent consideration (included in financial liabilities at FVTPL) | (105,481) | (105,412) | Level 3 | <ul style="list-style-type: none"> Probability of the adjustment to the toll road tariff chargeable under the concession agreement. |
| | 630,030 | 75,559 | | |

During the six months ended 30 June 2021 and 2020, 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 2021

30. 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 2021 and 31 December 2020 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 2021 | | 31 December 2020 | |
|--|-----------------------------|------------------------|-----------------------------|------------------------|
| | Carrying amount HK\$'000 | Fair value HK\$'000 | Carrying amount HK\$'000 | Fair value HK\$'000 |
| 2016 September guaranteed senior notes | 3,930,946 | 3,894,530 | 3,925,807 | 3,881,626 |
| 2019 January guaranteed senior notes | – | – | 1,694,885 | 1,696,483 |
| 2019 February guaranteed senior notes | 3,187,543 | 3,226,077 | 3,183,424 | 3,245,886 |
| 2019 September guaranteed senior notes | 3,746,532 | 3,962,916 | 3,741,610 | 3,926,311 |
| 2020 March guaranteed senior notes | 2,353,315 | 2,424,092 | 2,351,439 | 2,379,033 |
| 2020 September guaranteed senior notes | 3,225,675 | 3,364,358 | 3,219,701 | 3,301,714 |
| 2021 January guaranteed senior notes | 3,922,423 | 3,919,679 | – | – |
| 2019 Domestic bonds | 1,891,963 | 1,900,721 | 1,766,036 | 1,800,456 |

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 July 2021, RKPF Overseas 2020 (A) Limited, a wholly-owned subsidiary of the Company issued fixed rate guaranteed senior notes with aggregate nominal value of US\$500 million, which carry an annual interest rate of 5.125% per annum and will mature in July 2026. The proceeds are to be used for funding or refinancing, in full or in part, of the eligible projects undertaken by the Group in accordance with the green finance framework.



Road King Infrastructure Limited

