



# Road King Infrastructure Limited

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

INTERIM REPORT

# 2023





# 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 nearly 30 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 Region, Bohai Rim Region and Guangdong-Hong Kong-Macao Bay Area, comprising a land reserve of approximately 4.3 million square meters. The current toll road portfolio consists of four expressways in Mainland China and four expressways in Indonesia, all located in major economic corridors and spanning around 610 km in total.



# Contents

<b>2</b>	FINANCIAL HIGHLIGHTS
<b>4</b>	MANAGEMENT DISCUSSION AND ANALYSIS
<b>42</b>	CORPORATE GOVERNANCE
<b>43</b>	DISCLOSURE OF INTERESTS
<b>47</b>	OTHER DISCLOSURES
<b>51</b>	CORPORATE INFORMATION

---

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

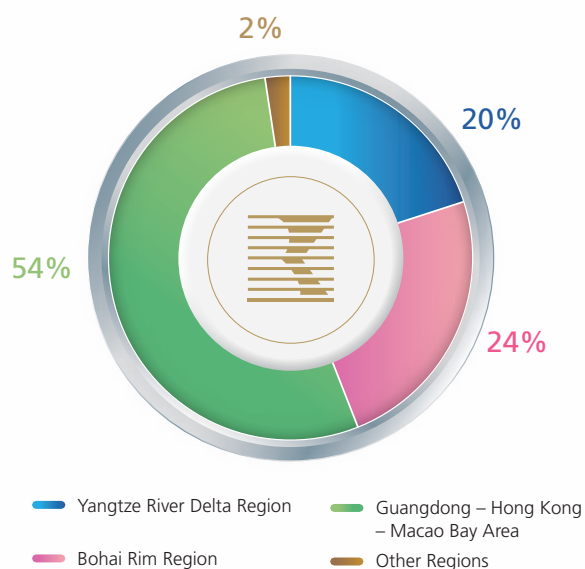




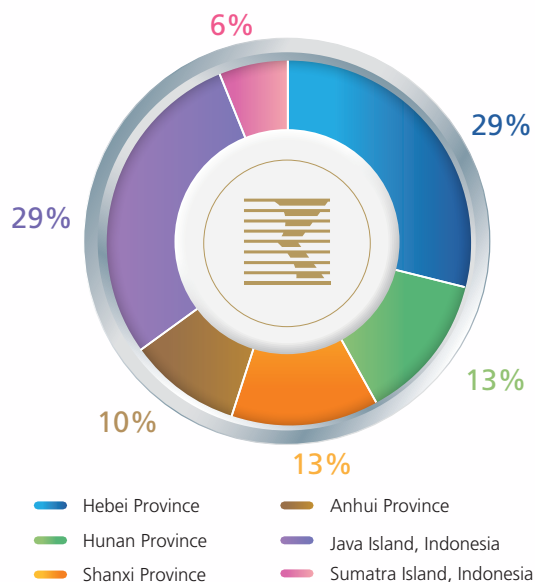
# Financial Highlights

	For the six months ended 30 June			For the year ended 31 December	
	2023	2022	2021	2022	2021
<b>(RMB'million)</b>					
Property sales (including joint venture and associate projects)					
– Mainland China projects	<b>15,268</b>	14,674	26,000	41,710	39,562
– Hong Kong projects	<b>419</b>	113	12,102	313	12,922
	<b>15,687</b>	14,787	38,102	42,023	52,484
Toll revenue from expressway projects	<b>1,979</b>	1,820	1,895	3,716	3,779
<b>(HK\$million)</b>					
Revenue of the Group	<b>6,277</b>	4,973	4,949	17,156	24,678
Group's share of revenue of joint ventures and associates	<b>8,592</b>	3,617	5,031	12,102	14,153
Revenue of the Group and Group's share of revenue of joint ventures and associates	<b>14,869</b>	8,590	9,980	29,258	38,831
Cash received from toll road projects (including the repayment of shareholders' loans from toll road projects)	<b>334</b>	488	377	636	604
(Loss) profit for the period/year	<b>(881)</b>	469	647	459	1,984
(Loss) profit attributable to owners of the Company	<b>(1,220)</b>	85	325	(495)	1,028
Equity attributable to owners of the Company	<b>18,856</b>	21,758	21,555	20,246	22,337
Total assets	<b>82,089</b>	102,255	118,109	90,002	108,236
Bank balances and cash	<b>7,137</b>	10,370	22,337	8,262	12,600
Net assets per share attributable to owners of the Company (HK\$)	<b>25.16</b>	29.04	28.77	27.02	29.81

## REVENUE CONTRIBUTION OF PROPERTY PROJECTS IN FIRST HALF OF 2023 BY LOCATION (INCLUDING JOINT VENTURE AND ASSOCIATE PROJECTS)



## TOLL REVENUE CONTRIBUTION OF EXPRESSWAY PROJECTS IN FIRST HALF OF 2023 BY LOCATION



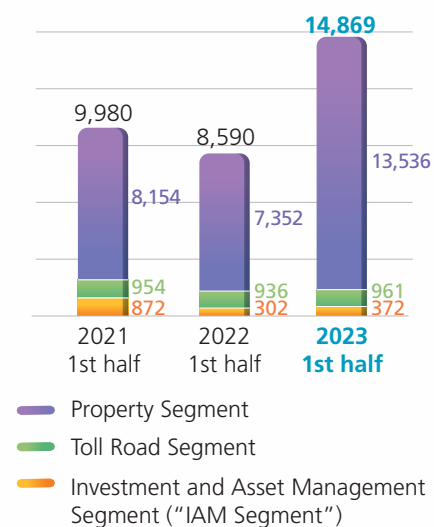


## Financial Highlights (continued)

### REVENUE

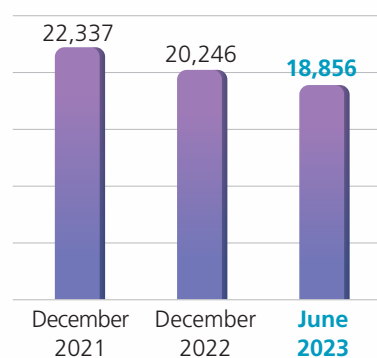
(including share of revenue of joint ventures and associates)

(HK\$'million)



### EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

(HK\$'million)



### LAND RESERVE

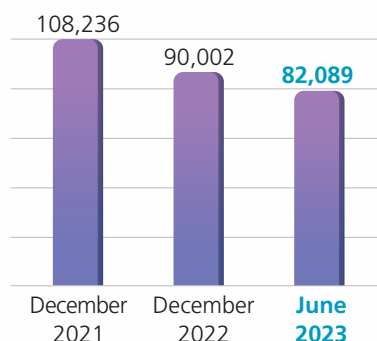
(including joint venture and associate projects)

(sqm)



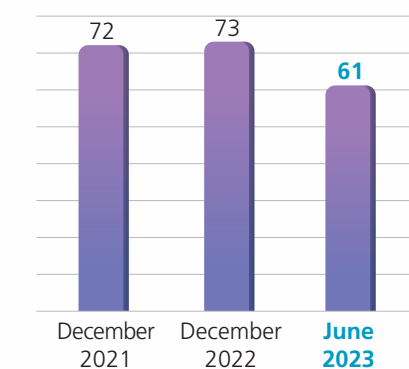
### TOTAL ASSETS

(HK\$'million)



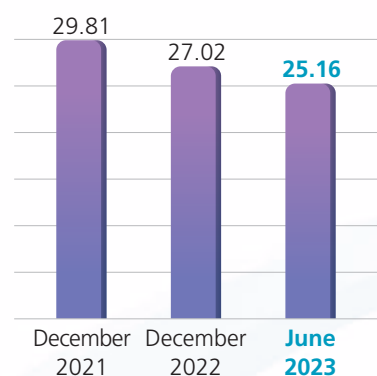
### NET GEARING RATIO

(%)



### NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(HK\$)

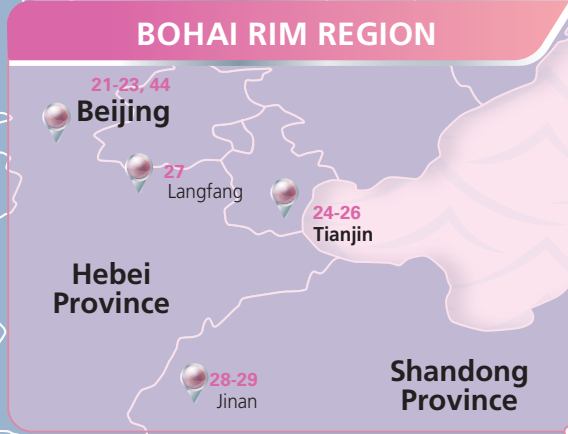


# Management Discussion and Analysis

## PROPERTY PROJECTS

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

### BOHAI RIM REGION



### OTHER REGIONS



### YANGTZE RIVER DELTA REGION



### GUANGDONG - HONG KONG - MACAO BAY AREA





# Management Discussion and Analysis (continued)

## LAND RESERVE

As at 30 June 2023

Region	Floor Area*	
	sqm	Proportion
Shanghai	371,000	9%
Jiangsu Province	1,698,000	39%
Zhejiang Province	68,000	2%
<b>Yangtze River Delta Region</b>	<b>2,137,000</b>	<b>50%</b>
Beijing	203,000	5%
Tianjin	271,000	6%
Hebei Province	206,000	5%
Shandong Province	111,000	2%
<b>Bohai Rim Region</b>	<b>791,000</b>	<b>18%</b>
Guangdong Province	237,000	6%
Hong Kong Special Administrative Region	55,000	1%
<b>Guangdong - Hong Kong - Macao Bay Area</b>	<b>292,000</b>	<b>7%</b>
Henan Province	1,070,000	25%
<b>Other Regions</b>	<b>1,070,000</b>	<b>25%</b>
<b>Total</b>	<b>4,290,000</b>	<b>100%</b>
Of which:		
Properties for sale	3,830,000	89%
Investment properties	460,000	11%

\* Including joint venture and associate projects

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Yangtze River Delta Region

1								
<b>RK Sheshan Villa • Dongyuan</b>								
	Floor Area (sqm)	104,000	Nature	Residential and commercial	Stage of Completion (note)	S/C	Land area (sqm)	122,000
	Approximate attributable interest	100%	Target completion	2026	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								
<b>RK Yuemao Mansion</b>								
	Floor Area (sqm)	28,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	61,000
	Approximate attributable interest	93.75%	Target completion	Completed	Location	East to Hongshi Road, South to Beiqing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC		
3								
<b>Bright Mansion</b>								
	Floor Area (sqm)	174,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	77,000
	Approximate attributable interest	33%	Target completion	2023	Location	East to Jingnanhe Road, South to Huqingping Road, West to Block 48-03, North to Huixu Road, Qingpu District, Shanghai, the PRC		
4								
<b>Atop The Cloud</b>								
	Floor Area (sqm)	65,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	30,000
	Approximate attributable interest	11.25%	Target completion	2024	Location	East to Hongshi Road, South to Huyi Road, West to Liuju Road, North to Zhudi Road, Jiading District, Shanghai, the PRC		



# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Yangtze River Delta Region

5	RK City (Zhenjiang)							
	Floor Area (sqm)	74,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	257,000
	Approximate attributable interest	100%	Target completion	2023	Location	South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC		

6	Breeze Mansion							
	Floor Area (sqm)	115,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	83,000
	Approximate attributable interest	40%	Target completion	2023	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		

7	Dazzling Jiangnan							
	Floor Area (sqm)	76,000	Nature	Residential	Stage of Completion (note)	S	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		

8	Cloud-Clad Mount							
	Floor Area (sqm)	146,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	67,000
	Approximate attributable interest	25%	Target completion	2024	Location	East of Yuanhua Road, South of Weidi Road, Xianlin Street, Qixia District, Nanjing, Jiangsu Province, the PRC		


# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE


As at 30 June 2023

#### Yangtze River Delta Region

9	Bamboo Grove One							
	Floor Area (sqm)	62,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	52,000
	Approximate attributable interest	51%	Target completion	Completed	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		

10	West Side Time							
	Floor Area (sqm)	88,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	50,000
	Approximate attributable interest	51%	Target completion	2023	Location	South of Juxiang Road, West of Luyang Road, Wujin District, Changzhou, Jiangsu Province, the PRC		

11	Jade Residence							
	Floor Area (sqm)	112,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	60,000
	Approximate attributable interest	95%	Target completion	2025	Location	South of Yanzheng West Avenue, East of Caoxi Road, Niutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

12	Boyue Cloudy Yard							
	Floor Area (sqm)	172,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	87,000
	Approximate attributable interest	40%	Target completion	2025	Location	East to Nanfeng River, South to Yunhe Road, West to Xinqing Road, North to Wutang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		



# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Yangtze River Delta Region

13	Cloud Top Life							
	Floor Area (sqm)	28,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	53,000
	Approximate attributable interest	20%	Target completion	Completed	Location	Southwest of the intersection of Shangwei Road and Jingying Road, Qianqiao Street, Huishan District, Wuxi, Jiangsu Province, the PRC		
14	Yunjin Oriental							
	Floor Area (sqm)	117,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	54,000
	Approximate attributable interest	30%	Target completion	2024	Location	Southwest of the intersection of 312 National Highway and Yonghui Road, Luoshe Town, Huishan District, Wuxi, Jiangsu Province, the PRC		
15	Poetic Villa							
	Floor Area (sqm)	105,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	76,000
	Approximate attributable interest	24.75%	Target completion	2023	Location	Northwest of the intersection of Guqu Road and Gonghu Avenue, Economic Development Zone, Wuxi, Jiangsu Province, the PRC		
16	RK Jade Shores							
	Floor Area (sqm)	40,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	79,000
	Approximate attributable interest	51%	Target completion	Completed	Location	East of Kangyang Road, South of Chunguang Road, Huangdai Town, Xiangcheng District, Suzhou, Jiangsu Province, the PRC		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Yangtze River Delta Region

17	Beautiful Bay Times							
	Floor Area (sqm)	25,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	48,000
	Approximate attributable interest	30%	Target completion	Completed	Location	South of Sunwu Road, East of Xiangshan North Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC		
18	Glamorous Garden							
	Floor Area (sqm)	97,000	Nature	Residential	Stage of Completion (note)	S	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		
19	City Valley							
	Floor Area (sqm)	115,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	56,000
	Approximate attributable interest	45%	Target completion	2024	Location	West of Xingpu Road, South of Minsheng Road, Suzhou Industrial Park High Trade Zone, Suzhou, Jiangsu Province, the PRC		
20	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	18,000	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		






# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Bohai Rim Region

21	RK Yunhe Shangyuan							
	Floor Area (sqm)	25,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	33,000
	Approximate attributable interest	100%	Target completion	2025	Location	Ligezhuang Road, Miyun District, Beijing, the PRC		
22	RK Noble Mansion							
	Floor Area (sqm)	44,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	99,000
	Approximate attributable interest	51%	Target completion	Completed	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		
23	Park Mansion							
	Floor Area (sqm)	71,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	41,000
	Approximate attributable interest	49%	Target completion	2024	Location	West of Shuntai Road, North of Shuangping Street, Renhe Town, Shunyi District, Beijing, the PRC		
24	RK Sunny Town							
	Floor Area (sqm)	140,000	Nature	Residential	Stage of Completion (note)	P/C	Land Area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2026	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		
25	RK Junlan Bay							
	Floor Area (sqm)	26,000	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		



# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Bohai Rim Region

26	Joy Meaningful Residence							
	Floor Area (sqm)	91,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	109,000
	Approximate attributable interest	50%	Target completion	2025	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		
27	Park Up Town							
	Floor Area (sqm)	206,000	Nature	Residential	Stage of Completion (note)	F/S/C	Land Area (sqm)	117,000
	Approximate attributable interest	40%	Target completion	2025	Location	South of Dafu South Road, East of Shouchuang Avenue, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		
28	RK Center							
	Floor Area (sqm)	24,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		
29	Joy Mansion of Glory							
	Floor Area (sqm)	61,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	50,000
	Approximate attributable interest	100%	Target completion	Completed	Location	North of Jingshi Dong Road, Lixia District, Jinan, Shandong Province, the PRC		


# Management Discussion and Analysis (continued)


## MAJOR PROJECTS INFORMATION


### PROPERTIES FOR SALE

As at 30 June 2023

#### Guangdong - Hong Kong - Macao Bay Area

30	Phoenix Residence							
	Floor Area (sqm)	88,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	58,000
	Approximate attributable interest	30%	Target completion	2023	Location	East of Phoenix South Road, South of Huadu Lake, Huadu District, Guangzhou, Guangdong Province, the PRC		

31	RK Rising Star							
	Floor Area (sqm)	62,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	18,000
	Approximate attributable interest	70%	Target completion	2024	Location	South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC		

32	RK Rivage Panorama							
	Floor Area (sqm)	35,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 27 of Rongqi Avenue East, Ronggui Rongli Neighborhood Committee, Shunde District, Foshan, Guangdong Province, the PRC		


# Management Discussion and Analysis (continued)


## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Guangdong - Hong Kong - Macao Bay Area

33	Southland							
	Floor Area (sqm)	15,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	11,000
	Approximate attributable interest	50%	Target completion	Completed	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		

34	Mori (formerly known as 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	2024	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		

#### Other Regions

35	RK International City (Zhengzhou)							
	Floor Area (sqm)	35,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	162,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

36	RK Ninth County							
	Floor Area (sqm)	583,000	Nature	Residential and commercial	Stage of Completion (note)	P/S/C	Land Area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2027	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		



# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### PROPERTIES FOR SALE

As at 30 June 2023

#### Other Regions

37	Joyful Park							
	Floor Area (sqm)	82,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	2023	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		
38	RK Slow City (Central China)							
	Floor Area (sqm)	246,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	249,000
	Approximate attributable interest	100%	Target completion	2026	Location	North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC		
39	RK Leader of Life (Luoyang)							
	Floor Area (sqm)	106,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2026	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		

# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### INVESTMENT PROPERTIES

As at 30 June 2023

#### Yangtze River Delta Region

40	RK Grand Metropolis (Changzhou)							
	Floor Area (sqm)	120,000	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		
41	Meili Ancient Town							
	Floor Area (sqm)	51,000	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		
42	RK Phoenix City (including Phoenix World and Lan Park)							
	Floor Area (sqm)	81,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	86,000
	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		
43	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		
20	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	50,000	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		


# Management Discussion and Analysis (continued)


## MAJOR PROJECTS INFORMATION

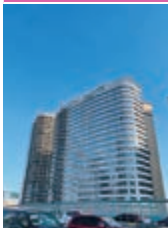
### INVESTMENT PROPERTIES

As at 30 June 2023


#### Bohai Rim Region

44	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		

24	RK Joy Park							
	Floor Area (sqm)	14,000	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		

28	RK Yolo Plaza							
	Floor Area (sqm)	26,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		

#### Other Regions

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



# Management Discussion and Analysis (continued)

## NEW PROJECTS ACQUIRED IN THE FIRST HALF OF 2023

### PROPERTIES FOR SALE

As at 30 June 2023

#### Yangtze River Delta Region

46	Industrial Park Project							
	Floor Area (sqm)	37,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	31,000
	Approximate attributable interest	51%	Target completion	2024	Location	East of Wanshou Street, North of Ruoshui Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

#### Guangdong - Hong Kong - Macao Bay Area

47	Panyu District Project							
	Floor Area (sqm)	52,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	24,000
	Approximate attributable interest	51%	Target completion	2025	Location	West of Panyu Avenue, South of Dongxing Road, Panyu District, Guangzhou, Guangdong Province, the PRC		

Notes:

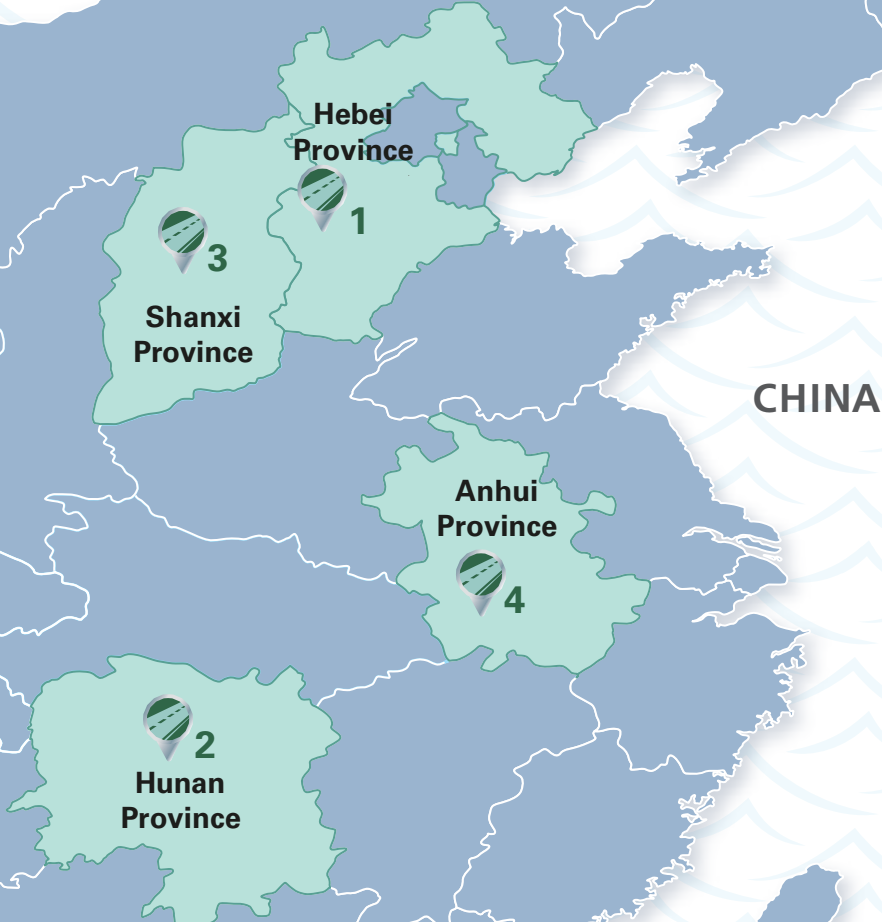
"P" denotes "Planning and design"  
 "S" denotes "Superstructure"

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

# Management Discussion and Analysis (continued)

## TOLL ROAD PROJECTS

-  Mainland China
-  Indonesia



# Management Discussion and Analysis (continued)

## MAJOR PROJECTS INFORMATION

### TOLL ROAD PROJECTS

As at 30 June 2023

#### Mainland China

1	Baojin Expressway					
	Location	Hebei Province	Length	105km	Equity interest (Note)	40%
	Route	Provincial Expressway S3700 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
2	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		
3	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		
4	Machao Expressway					
	Location	Anhui Province	Length	36km	Equity interest (Note)	49%
	Route	National Expressway G4221 Ma'anshan-Chaohu ~ 6-lane		Road King (China) Infrastructure Limited		


# Management Discussion and Analysis (continued)


## MAJOR PROJECTS INFORMATION


### TOLL ROAD PROJECTS


As at 30 June 2023

#### Indonesia

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

6	Ngawi Kertosono Kediri ("NKK") Expressway					
	Location	East Java province	Length	107km	Equity interest (Note)	40%
	Route	Trans Java Expressway Ngawi Kertosono Kediri ~ 4-lane		Kings Key Limited		

7	Medan-Kualanamu-Tebing Tinggi ("MKTT") Expressway					
	Location	North Sumatra province	Length	62km	Equity interest (Note)	45%
	Route	Trans Sumatra Expressway Medan Kualanamu Tebing Tinggi ~ 4-lane		Kings Ring Limited		

8	Semarang Batang ("SB") Expressway					
	Location	Central Java province	Length	75km	Equity interest (Note)	39.77%
	Route	Trans Java Expressway Semarang Batang ~ 4-lane		Kings Bless Limited		

Note:

As at 30 June 2023, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% (31 December 2022: 75%) held by the Group.



# Management Discussion and Analysis (continued)

## BUSINESS REVIEW

Property sales and toll revenue of the expressway projects of the Group (including joint venture and associate projects) for the first half of 2023 were RMB15,687 million equivalent and RMB1,979 million equivalent respectively, totaling approximately RMB17,666 million, representing an increase of 6% compared to the corresponding period of last year. For the first half of 2023, the Group recorded a loss of HK\$881 million, with loss attributable to shareholders of HK\$1,220 million, loss per share of HK\$1.63 and net assets per share of HK\$25.16.

As at 30 June 2023, the Group had a total land reserve of approximately 4,300,000 sqm, of which the total area pre-sold but yet to be delivered was 1,260,000 sqm.

## BUSINESS SEGMENTS ANALYSIS

### (i) Property Segment

In the first half of 2023, the overall performance of the real estate market of Mainland China presented an upward trend followed by a decline. In the first quarter, driven by factors such as the release of the cumulative demand depressed by the COVID-19 pandemic (the "Pandemic") and the emerging effects of previous policies, the market became more active, particularly from February to March, the sales in key cities ushered in a "temporary boom". In the second quarter, the sentiment of property buyers declined rapidly. The failure of continuous recovery in the market was due to the unstable foundation of economic recovery, sluggish demand and the weaker-than-expected real estate policies in Mainland China. As a pillar industry in Mainland China, stability of the real estate sector plays a significant role in the stable social and economic development. To respond, in the first half of this year, the Central Government and the authorities were on the move to frequently send out positive signals by implementing city-specific policies and further relaxing the restrictions on property purchase, property sale and credit. The policy environment in the industry entered an easing cycle, however, the confidence of property buyers in the economy and the property market is unlikely to be fully restored in the near future.

The Group's operation team kept abreast of the market trend and seized the sales window in the first quarter, achieving total property sales (including joint venture and associate projects) of RMB15,187 million for Property Segment in the first half of 2023. The property sales comprised contracted sales of RMB14,094 million and outstanding subscribed sales of RMB1,093 million.

## 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 2023:

Regions (Note)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta Region	8,041	374,000	3,681	199,000
Bohai Rim Region	5,404	278,000	4,465	219,000
Guangdong-Hong Kong-Macao Bay Area	1,691	71,000	10,030	83,000
Other Regions	51	6,000	–	–
Total (first half of 2023)	15,187	729,000	18,176	501,000
Total (first half of 2022)	14,340	631,000	8,358	489,000

Note:

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 2023, the average selling price of properties in the Property Segment was RMB20,800 per sqm. The sales mainly concentrated in Yangtze River Delta Region and Bohai Rim Region, representing approximately 53% and 36% of total property sales, respectively. As at 30 June 2023, the total area of properties pre-sold but yet to be delivered was 1,230,000 sqm.

In the first half of 2023, the delivery of properties in the Property Segment increased significantly, mainly because the pre-sold properties of the Southland project in Hong Kong were delivered to owners in bulk during the period, with the delivery reaching HK\$10,638 million. The average selling price increased significantly to RMB36,300 per sqm due to the delivery of the Southland project in Hong Kong, of which the average selling price for Hong Kong projects was HK\$361,000 per sqm and the average selling price for Mainland China projects was RMB18,700 per sqm.

# Management Discussion and Analysis (continued)

## Financial Review

Set out below is an analysis of the financial performance of the Group's Property Segment for the first half of 2023 and 2022:

	Six months ended 30 June	
	2023 HK\$'million	2022 HK\$'million
Revenue	6,243	4,916
Gross profit	718	1,797
Operating profit for the period (excluding exchange losses)	43	1,050

In the first half of 2023, the revenue from the Group's Property Segment was mainly derived from delivery of properties. As the real estate market continued to decline, the selling price decreased during the period and the gross profit margin fell to 12% accordingly. The higher gross profit margin for the corresponding period of last year was mainly due to the delivery of certain high gross profit margin projects and cost savings in settlement of previously completed projects for the corresponding period of last year. The loss of the Property Segment for the period was approximately HK\$430 million. After excluding exchange losses of approximately HK\$473 million, the operating profit for the period was HK\$43 million.

## Land Reserve

In the first half of 2023, due to the impact of the new regulations on the pre-announcement of land supply, land supply volume decreased significantly. Meanwhile, dragged by a downturn in the real estate market and the tight liquidity of enterprises, the real estate enterprises remained cautious in land acquisition, and the land transaction volume shrank significantly. State-owned enterprises remained the major participants in land acquisition. In the first half of 2023, the Group's Property Segment acquired two residential land parcels in Mainland China through listing-for-sale with a total gross floor area of approximately 89,000 sqm. The new lands were jointly developed with competent enterprises, thereby diversifying the Group's financial commitment.

Province/Municipalities	Attributable Interest	Land Area sqm	Floor Area sqm	Total consideration RMB'million
<b>Yangtze River Delta Region</b>				
Suzhou	51%	31,000	37,000	1,377
<b>Guangdong-Hong Kong-Macao Bay Area</b>				
Guangzhou	51%	24,000	52,000	1,290

## Management Discussion and Analysis (continued)

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2023, the Property Segment's land reserve was approximately 3,280,000 sqm and mainly located in Yangtze River Delta Region, representing approximately 60% of the land reserve.

In the first half of 2023, the area under construction of the Group was 2,950,000 sqm while the area of completed projects was 320,000 sqm. The area under construction and the area of completed projects of the Group in the second half of 2023 are expected to be 2,910,000 sqm and 1,480,000 sqm, respectively.

Looking forward to the second half of the year, the real estate market in Mainland China is expected to remain sluggish, and obvious differentiation among cities will continue. In light of this, more powerful supportive policies will be needed to curb the downward trend in the market in the second half of the year. The Central Government and local governments are expected to adjust and optimise real estate policies when appropriate, and gradually loosen restrictive home purchase policies to support rigid and improved housing demands, thereby promoting the stable and healthy development of the real estate market. At the same time, it is anticipated that in the second half of the year, local governments will increase land grant, land supply may therefore rebound. However, as market confidence has yet to be restored, coupled with tight liquidity of real estate enterprises and other factors, the land market is expected to continue the trend of "partially hot but overall cool" in the first half of the year. The Group will adjust its strategies for land auction based on its review of the market situation and cash flows position.

As mentioned above, the economic development in Mainland China is facing challenges currently, with insufficient domestic demand and operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, the impact on the economy of Mainland China will sustain in the short term. The real estate industry, as a pillar industry in Mainland China, still plays an important role in supporting economic growth. The Group stays cautious in regard to the outlook of property business development in Mainland China.

Throughout the years, the Group's property business has been operated under 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 strive to ensure property delivery and enhance its cash flow. To establish the Group as a more widely recognised and reliable 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

#### *Atop The Cloud, Shanghai*

In the first half of 2023, the contracted sales of Atop The Cloud were RMB1,123 million, with an average selling price of approximately RMB45,000 per sqm. Units in the first phase of project are expected to be completed and delivered in the second half of 2024.

#### *Cloud-Clad Mount, Nanjing*

In the first half of 2023, the contracted sales of Cloud-Clad Mount were RMB1,107 million, with an average selling price of approximately RMB34,000 per sqm. Units in the first phase of the project are expected to be completed and delivered in the first half of 2024.

#### *Bamboo Grove One, Changzhou*

In the first half of 2023, the contracted sales of Bamboo Grove One was RMB370 million, with an average selling price of approximately RMB24,000 per sqm for residential building. In the first half of 2023, the value and area of properties delivered were RMB434 million and 18,000 sqm, respectively. It is expected that a total area of approximately 23,000 sqm will be delivered in the second half of 2023.

#### *RK Phoenix City, Suzhou*

In the first half of 2023, the delivered value and area of RK Phoenix City were RMB767 million and 24,000 sqm, respectively. The remaining residential units will be delivered in the second half of 2023.

#### *City Valley, Suzhou*

In the first half of 2023, the contracted sales of City Valley were RMB552 million, with an average selling price of approximately RMB30,000 per sqm for residential building. The project is expected to be completed and delivered in the second half of 2024.

#### *Cloud Top Life, Wuxi*

In the first half of 2023, the contracted sales of Cloud Top Life were RMB439 million, with an average selling price of approximately RMB18,000 per sqm. In the first half of 2023, the value and area of properties delivered were RMB245 million and 15,000 sqm, respectively. It is expected that a total area of approximately 5,000 sqm will be delivered in the second half of 2023.

# Management Discussion and Analysis (continued)

## **Bohai Rim Region**

### *RK Noble Mansion, Beijing*

In the first half of 2023, the contracted sales of RK Noble Mansion were RMB741 million, with an average selling price of approximately RMB36,000 per sqm for residential building. In the first half of 2023, the value and area of properties delivered were RMB1,205 million and 39,000 sqm, respectively. It is expected that a total area of approximately 18,000 sqm will be delivered in the second half of 2023.

### *Park Mansion, Beijing*

In the first half of 2023, the contracted sales of Park Mansion were RMB736 million, with an average selling price of approximately RMB37,000 per sqm for residential building. The project is expected to be completed and delivered in the second half of 2024.

### *RK Sunny Town, Tianjin*

In the first half of 2023, the contracted sales of RK Sunny Town were RMB1,599 million, with an average selling price of approximately RMB24,000 per sqm for residential building. In the first half of 2023, the value and area of properties delivered were RMB1,620 million and 74,000 sqm, respectively. It is expected that a total area of approximately 6,000 sqm will be delivered in the second half of 2023.

### *Park Up Town, Langfang*

In the first half of 2023, the contracted sales of Park Up Town were RMB515 million, with an average selling price of approximately RMB12,000 per sqm for residential building. It is expected that a total area of approximately 37,000 sqm will be delivered in the second half of 2023.

### *Joy Mansion of Glory, Jinan*

In the first half of 2023, the contracted sales of Joy Mansion of Glory were RMB647 million, with an average selling price of approximately RMB21,000 per sqm for residential building. In the first half of 2023, the value and area of properties delivered were RMB527 million and 30,000 sqm, respectively. It is expected that a total area of approximately 18,000 sqm will be delivered in the second half of 2023.

### *Jin Mao Noble Manor, Jinan*

In the first half of 2023, the contracted sales of Jin Mao Noble Manor were RMB420 million, and the value and area of properties delivered were RMB451 million and 24,000 sqm, respectively. It is expected that a total area of approximately 5,000 sqm will be delivered in the second half of 2023.

# Management Discussion and Analysis (continued)

## Guangdong – Hong Kong – Macao Bay Area

### *Phoenix Residence, Guangzhou*

In the first half of 2023, the contracted sales of Phoenix Residence were RMB698 million, with an average selling price of approximately RMB25,000 per sqm for residential building. It is expected that a total area of approximately 70,000 sqm will be delivered in the second half of 2023.

### *Southland, Hong Kong*

In the first half of 2023, the contracted sales of Southland were HK\$357 million, with an average selling price of approximately HK\$424,000 per sqm for residential building. The value and area of properties delivered in the first half of 2023 were HK\$10,638 million and 29,000 sqm, respectively. It is expected that a total area of approximately 2,000 sqm will be delivered in the second half of 2023.

## New Projects

### Acquired in the first half of 2023:

#### Yangtze River Delta Region

##### *Industrial Park Project, Suzhou*

In May 2023, the Group, together with its partners, acquired a piece of land in the Industrial Park, Suzhou for residential development through listing-for-sale. Located on the east side of Wanshou Street of the Industrial Park and north side of Ruoshui Road, the project is situated in the Dushu Lake block, one of the regions that the Company will cultivate in a long run. The project is in proximity to the entrance and exit of Metro Line 2, and the west side is adjacent to the Dushu Lake Park, making it a residential development with panoramic lake views and beautiful scenery. With well-equipped ancillary facilities in the surrounding area and a low plot ratio, the project is fit for developing into a high-quality residence targeting at improvement needs. The project has a site area and a floor area of 31,000 sqm and 37,000 sqm respectively, and is planned to be launched by the end of 2023.

#### Guangdong – Hong Kong – Macao Bay Area

##### *Panyu District Project, Guangzhou*

In June 2023, the Group acquired a piece of land in Panyu, Guangzhou through listing-for-sale and will develop the residential project with competent enterprises in Mainland China. The project is located on the west side of Panyu Avenue and the south side of Dongxing Road, Panyu District. It belongs to the core area of the district government and Panyu Square, and is equipped with comprehensive commercial facilities, schools, healthcare facilities and parks. The project is close to Panyu Square Station (the interchange station of four metro lines). With favourable living atmosphere, it is fit for developing into a high-quality residence. The project has a site area and a floor area of 24,000 sqm and 52,000 sqm respectively, and is planned to be launched by the end of 2023.

## Management Discussion and Analysis (continued)

### (ii) Toll Road Segment

#### Traffic volume and Toll revenue

The Group's average daily traffic volume and toll revenue of the expressway projects for the first half of 2023 are analysed below:

	Average Daily Traffic Vehicles	Toll Revenue RMB'million
<b>Expressway projects in Mainland China</b>		
Baojin Expressway	68,800	381
Tangjin Expressway (Note 1)	57,000	199
Changyi Expressway	82,200	262
Longcheng Expressway	24,000	249
Machao Expressway	41,300	195
Sub-total	273,300	1,286
<b>Expressway projects in Indonesia</b>		
SN Expressway	21,200	196
NKK Expressway	18,900	150
MKTT Expressway	22,200	121
SB Expressway	29,400	226
Sub-total	91,700	693
Total (First half of 2023)	365,000	1,979
Total (First half of 2022) (Note 2)	275,100	1,820

Note 1: The toll concession right of the Tangjin Expressway was expired on 19 April 2023.

Note 2: As the acquisition of SB Expressway in Indonesia was completed on 5 December 2022 and the above data did not include the last period data of the SB Expressway.

In the first half of 2023, the Group's average daily traffic volume and toll revenue of the expressway projects reached 365,000 vehicles and RMB1,979 million, representing an increase of 33% and 9% respectively compared to the corresponding period of last year.



# Management Discussion and Analysis (continued)

## Expressway projects in Mainland China

In the first half of 2023, the toll revenue of the Group's expressway projects in Mainland China decreased by 7% to RMB1,286 million compared to the corresponding period of last year, while the average daily traffic volume increased by 27% to 273,300 vehicles compared to the corresponding period of last year, mainly because the traffic volume of passenger vehicles increased significantly as a result of the cancellation of the Pandemic control measures in Mainland China. However, affected by the economic downturn in Mainland China and the international market, the traffic volume of cargo vehicles recorded a decrease compared to the corresponding period of last year. In addition, the toll concession right of Tangjin Expressway project expired on 19 April and cash distribution to the Group is therefore ceased. With the launch of a series of economic stimulus policies by the government and a gradual development of a dual economic loop in Mainland China and the international market, the economy in Mainland China is expected to recover steadily. As more efforts have been made on the construction of Xiong'an New Area, it is anticipated that the toll revenue and traffic volume of the Group's expressway projects in Mainland China will increase in the second half of the year.

## Expressway projects in Indonesia

In the first half of 2023, the toll revenue of the Group's expressway projects in Indonesia increased significantly by 56% compared to the corresponding period of last year to RMB693 million, and the average daily traffic volume increased by 53% compared to the corresponding period of last year to 91,700 vehicles, mainly benefiting from the completion of the acquisition of 39.77% equity interest in the SB Expressway in Central Java Province, Indonesia at the end of 2022, which further expanded its overseas toll road portfolio (excluding the newly acquired SB Expressway, the toll revenue increased by 5% compared to the corresponding period of last year to RMB467 million, and the average daily traffic volume increased by 4% compared to the corresponding period of last year to 62,300 vehicles). In the first half of 2023, Indonesia saw a steady economic growth. In particular, the gradual decline in the price of motor vehicle diesel has led to an increase in the traffic volume for holiday trips and tourism. The economic growth in Indonesia is expected to remain the current momentum in the second half of the year, and the toll revenue and traffic volume of the expressway projects in Indonesia will continue to increase.

## Financial review

In the first half of 2023, the Group's share of profits of infrastructure joint ventures in the first half of the year reached HK\$368 million, representing a slight increase as compared with the corresponding period of last year. This was mainly attributable to the significant increase of 56% in toll revenue recorded from expressways in Indonesia as compared with the corresponding period of last year benefitting from the acquisition of the SB Expressway and implementation of cost-saving measures on expressways in Mainland China to offset the impact of toll revenue reduction from certain expressways in Mainland China.

In the first half of 2023, the profit of the Group's Toll Road Segment (net off head office expenses and taxation) reached HK\$253 million, which represented a decrease of HK\$55 million as compared with the corresponding period of last year, mainly due to the increase in interest costs for the first half of the year as the Group had an additional loan of US\$155 million for partial financing the acquisition of SB Expressway. In the same period, the Group's cash distributions received from expressway joint ventures were HK\$334 million.

Going forward, the Group will focus on promoting the increase in toll rates of the expressway projects in Indonesia, and actively follow the economic development policies of the Asia-Pacific region. Meanwhile, the Group will continue to identify and calibrate toll road projects to optimise the Group's toll road business.

# Management Discussion and Analysis (continued)

## Overview of Toll Road Projects

### Baojin Expressway

In the first half of 2023, the average daily traffic volume increased by 28% as compared with the corresponding period of last year, while the toll revenue decreased by 2% as compared with the corresponding period of last year. The increase in the traffic volume was mainly due to the significant increase in the traffic volume of passenger vehicles following the cancellation of the Pandemic control in the first half of the year. However, affected by the economic downturn in Mainland China and the international market, the significant decrease in cargo vehicles, and the fact that construction scale of Xiong'an New Area was lower than expected, there was a slight decrease in the toll revenue despite a higher growth in the traffic volume. Notwithstanding the above, the government has implemented new economic stimulus policies and the Central Government instructed to expand the construction scale of Xiong'an New Area in the second half of the year. With those favourable factors, the traffic volume and toll revenue of Baojin Expressway are expected to have a better performance as compared with the first half of the year.

### Tangjin Expressway

In the first half of 2023, the average daily traffic volume increased by 41% as compared with the corresponding period of last year, while the toll revenue decreased by 36% as compared with the corresponding period of last year. The increase in the traffic volume was mainly due to the significant increase in the traffic volume of passenger vehicles as a result of the continuous growth of tourism and trips in Mainland China in the first half of the year following the cancellation of the Pandemic control. However, due to the impact of the expiry of toll concession right for Tangjin Project in April, the toll revenue decreased sharply as compared with the corresponding period of last year.

### Changyi Expressway

In the first half of 2023, the average daily traffic volume and toll revenue increased by 23% and 7% respectively, as compared with the corresponding period of last year, mainly due to the continuous recovery and flourish of tourism in Mainland China since the cancellation of the Pandemic control, resulting in an increase in vehicle travels, especially an increase in the traffic volume of passenger vehicles. Higher increase in the traffic volume than that of toll revenue was mainly due to the decrease in the traffic volume of cargo vehicles as a result of the economic downturn in Mainland China and the international market. With the new economic stimulus policies issued by the government, it is anticipated that the traffic volume and toll revenue of Changyi Expressway will continue to improve in the second half of the year.

### Longcheng Expressway

In the first half of 2023, the average daily traffic volume and toll revenue remained flat and decreased by 5% respectively, as compared with the corresponding period of last year, which was mainly affected by adverse factors such as the economic downturn in Mainland China and the international market, and the downturn in the freight transportation, in particular for coal market, thus the traffic volume of cargo vehicles recorded an obvious decrease. With the new economic stimulus policy issued by the government, it is anticipated that the traffic volume and toll revenue of Longcheng Expressway will continue to improve in the second half of the year.

# Management Discussion and Analysis (continued)

## **Machao Expressway**

In the first half of 2023, the average daily traffic volume and toll revenue increased by 38% and 17% respectively, as compared with the corresponding period of last year, mainly due to the significant growth in the traffic volume of passenger vehicles as people's willingness to travel has enhanced since the cancellation of the Pandemic control in Mainland China in the first half of the year. With favorable factors such as the semi closure of Wuhu Yangtze River Bridge for maintenance and additional traffic diverted to this project, both the traffic volume and toll revenue recorded a relatively high increase. The increase in traffic volume was higher than that in toll revenue, mainly due to the fact that the increase in the traffic volume of cargo vehicles was less than that of passenger vehicles. As the economy in Mainland China improves and the international situation continues to stabilize, it is expected that the traffic volume and toll revenue of Machao Expressway will continue to improve in the second half of the year.

## **SN Expressway**

In the first half of 2023, the daily traffic volume and toll revenue increased by 5% and 7% respectively, as compared with the corresponding period of last year. This was mainly due to the steady growth of the economy as a result of the significant increase in the number of vehicles for trips and tourism after cancellation of the Pandemic control. Large-scale carnival and concert activities were held in the city of Solo, which increased the traffic volume across the region. In the first half of the year, the overall operation of the project was sound, with the increase in the number of vehicles for trips during the Chinese New Year holidays, Easter holidays, Ramadan and Eid al-Fitr, the overall traffic volume and toll revenue recorded a growth. The Group is also striving for an increase in the special toll rates of the SN Expressway. If the Group succeeds in securing an increment of the toll rates in the second half of the year, it is expected that the toll revenue of the current year will have a greater year-on-year increase.

## **NKK Expressway**

In the first half of 2023, the average daily traffic volume and toll revenue remained flat as compared with the corresponding period of last year. In the first half of the year, the overall operation of the project was sound. Although the high oil price still led to a decrease in the overall traffic volume, the steady growth of the economy basically offset the impact of the oil price, with the increase in the number of vehicles for trips during the Easter holidays, Ramadan and Eid al-Fitr, the overall traffic volume generally remained flat year-on-year. The Group is also striving for an increase in the toll rates of NKK Expressway. If the Group succeeds in securing an increment of the toll rate in the second half of the year, it is expected that the toll revenue of the current year will have a year-on-year increase. The remaining road section of the project from Kertosono to Kediri is scheduled to be constructed next year.

## **MKTT Expressway**

In the first half of 2023, the average daily traffic volume and toll revenue increased by 7% and 9% respectively, as compared with the corresponding period of last year, primarily due to the completion of upstream and downstream highways, with a part of the highways being half-width passed to attract additional vehicles using MKTT Expressway. After the cancellation of the Pandemic control, there was a significant increase in the number of vehicles for trips and tourism, and in the first half of the year, there were international yacht races in the vicinity, the traffic volume of tourist vehicles increased, and therefore the toll revenue recorded a strong growth. In the first half of the year, the overall operation of the project was sound, with the increase in the number of vehicles for trips during the Chinese New Year holidays, Easter holidays, Ramadan and Eid al-Fitr, the overall traffic volume and toll revenue recorded a growth. The Group is also striving for an increase in the toll rates of MKTT Expressway. If the Group succeeds in securing an increment of the toll rates in the second half of the year, it is expected that the toll revenue of the current year will have a year-on-year increase.

# Management Discussion and Analysis (continued)

## **SB Expressway**

On 5 December 2022, the Group completed the acquisition of the SB Expressway in Central Java Province, Indonesia, which is an integral part of the Trans Java Expressway network and connects Semarang (the capital of Central Java Province) and Batang. It mainly serves the largest city of Central Java, Semarang, Jenderal Ahmad Yani Airport, Tanjung Emas Port and other industrial areas and cities in Central Java. The concession period of this project is 50 years and expires in 2066, with a total length of 75 km. In the first half of 2023, the average daily traffic volume was 29,400 vehicles and the toll revenue was RMB226 million. The Group is also striving for an increase in the special toll rates of SB Expressway. If the Group succeeds in securing an increment of the toll rates in the second half of the year, it is expected that the toll revenue of the current year will have a year-on-year increase.

## **(iii) IAM SEGMENT**

In the first half of 2023, the property development projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB500 million, comprising the contracted sales of RMB390 million and outstanding subscribed sales of approximately RMB110 million. As of 30 June 2023, the land reserve of IAM Segment was approximately 1,020,000 sqm, which was mainly located in Henan Province, and the total area of properties pre-sold but yet to be delivered was 30,000 sqm. After reorganisation and rectification, the business scale of the remaining original investment and asset management businesses, which mainly comprised real estate fund investment as well as cultural and tourist businesses, has been significantly reduced and investment in new businesses has been ceased. Going forward, the Group will continue to review the operation of its remaining businesses and take appropriate actions in due course.



# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW OF THE GROUP

### Unaudited Condensed Consolidated Statement of Profit or Loss

The table below extracted major items from the unaudited condensed consolidated statement of profit or loss of the Group for each of the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023 HK\$'million	2022 HK\$'million
Revenue	6,277	4,973
Gross profit	694	1,808
Interest income	167	227
Other losses, net	(965)	(493)
Selling and operating expenses	(695)	(623)
Share of results of joint ventures and associates	732	436
Finance costs	(582)	(550)
(Loss) profit before taxation	(649)	805
Income tax expenses	(232)	(336)
(Loss) profit for the period	(881)	469
(Loss) profit attributable to:		
– Owners of the Company	(1,220)	85
– Owners of perpetual capital securities	266	267
– Other non-controlling interests of subsidiaries	73	117
	(881)	469

# Management Discussion and Analysis (continued)

## Revenue and Gross Profit

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

## Other Losses, Net

Other net losses mainly include the net exchange losses of approximately HK\$504 million (2022: HK\$490 million) due to the continuous depreciation of Renminbi during the period. In addition, there was an increase in impairment provision for properties and related assets due to the weak property market.

## Share of Results of Joint Ventures and Associates

During the period, the Group’s share of profit was mainly derived from the profit of infrastructure joint ventures of approximately HK\$368 million and the profit of property joint ventures and associates of approximately HK\$364 million. For details, please refer to the analysis of each business segment. The increase in profit was mainly due to the fact that handover consent had been obtained by Southland, Hong Kong in last December and the pre-sold units were gradually delivered since the end of last year. In the first half of 2023, the value of properties delivered in Southland amounted to HK\$10,638 million, which contributed profit to the Group.

## Income Tax Expenses

Income tax expenses mainly comprise profit tax, land appreciation tax and deferred tax. The decrease in income tax expenses was mainly due to lower profits of properties delivered during the period.

# Management Discussion and Analysis (continued)

## Unaudited Condensed Consolidated Statement of Financial Position

The table below summarised the major items of the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 and 31 December 2022.

	30 June 2023 HK\$' million	31 December 2022 HK\$' million
Non-current assets		
– Investment in joint ventures and associates (including shareholders' loans)	24,092	25,738
– Investment properties	5,348	4,126
– Other non-current assets	3,562	4,544
	<b>33,002</b>	34,408
Current assets		
– Inventory of properties (including prepayment for land lease)	33,903	38,631
– Bank balances and cash (including pledged bank deposits)	7,219	8,381
– Shareholders' loans to joint ventures and associates	2,669	3,565
– Other current assets	5,296	5,017
	<b>49,087</b>	55,594
Non-current liabilities		
– Bank and other borrowings	(20,756)	(21,890)
– Other non-current liabilities	(1,810)	(1,466)
	<b>(22,566)</b>	(23,356)
Current liabilities		
– Creditors and accrued charges	(6,846)	(8,174)
– Loans from joint ventures and associates	(5,453)	(4,919)
– Deposits from pre-sale of properties	(4,464)	(3,980)
– Bank and other borrowings	(5,205)	(10,258)
– Other current liabilities	(6,595)	(6,555)
	<b>(28,563)</b>	(33,886)
Total equity (including perpetual capital securities)	<b>30,960</b>	32,760

# Management Discussion and Analysis (continued)

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

It mainly represented the Group's interests in infrastructure joint ventures of HK\$7,252 million (31 December 2022: HK\$7,086 million) and interests in property joint ventures and associates of HK\$19,509 million (31 December 2022: HK\$22,217 million), including short-term shareholders' loans to projects (included in current assets). The decrease in balance was mainly due to the increase in repayment of shareholders' loans by joint ventures to the Group during the period as joint venture projects entered into sales period.

## Investment Properties

This comprises the carrying value of investment properties with the details set out in note 12 to the condensed consolidated financial statements. The increase in balance was attributable to the addition of newly completed commercial properties in Suzhou and Jinan. As at 30 June 2023, the total floor area of the investment properties of the Group (including joint venture projects) was approximately 460,000 sqm.

## Inventory of Properties (including Prepayment for Land Leases)

The decrease in inventory of properties was mainly due to the completion and delivery of existing projects of the subsidiaries of the Group. In the first half of 2023, land supply volume decreased significantly due to the impact of the new regulations on the pre-announcement of land supply. The Group will adjust its strategies for land auction based on its review of the market situation and cash flows position.

## Bank Balances and Cash (including Pledged Bank Deposits)

The decrease in bank balances and cash was mainly due to the redemption of an offshore bond and repayment of certain bank loans by the Group 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 of pre-sold properties as compared with the corresponding period of last year. As at 30 June 2023, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 1,260,000 sqm.

## Bank and Other Borrowings

Bank and other borrowings mainly represented offshore guaranteed senior notes, bank loans, and project development loans of the Group.

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

	30 June 2023 HK\$'million	31 December 2022 HK\$'million
Repayable:		
On demand	313	392
Within one year	4,892	9,866
After one year but within two years	9,001	8,554
After two years but within five years	10,835	12,604
More than five years	920	732
Total loans	25,961	32,148

# Management Discussion and Analysis (continued)

## Source of Loans

	30 June 2023	31 December 2022
Short term loans	20%	32%
Long term loans	80%	68%
Total	100%	100%

## Currency Profile of Loans

	30 June 2023	31 December 2022
HKD	2%	7%
RMB	23%	23%
USD	75%	70%
Total	100%	100%

## Interest Rates Basis

	30 June 2023	31 December 2022
Floating rate	36%	40%
Fixed rate	64%	60%
Total	100%	100%

## Nature of Debts

	30 June 2023	31 December 2022
Unsecured loans	83%	74%
Secured loans	17%	26%
Total	100%	100%

## Type of Loans

	30 June 2023	31 December 2022
Guaranteed senior notes*	57%	55%
Other offshore loans	20%	22%
	77%	77%
Other onshore loans	23%	23%
Total	100%	100%

\* Excluding perpetual capital securities (Classified as equity)

## Management Discussion and Analysis (continued)

Certain of the Group's borrowings bore fixed interest rates per annum, including guaranteed senior notes with an outstanding principal amount of US\$1,874 million with interest rates ranging from 5.125% to 6.7% per annum.

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

- (a) US\$600 million senior guaranteed perpetual capital securities with distribution rates of 7% and 7.95%; and
- (b) US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities.

As at 30 June 2023, the net gearing ratio and the net capitalisation ratio of the Group were 61% 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.

### 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 2023 and 2022.

	Six months ended 30 June	
	2023 HK\$'million	2022 HK\$'million
Payment for land leases	(1,029)	(1,785)
Net cash from (used in) operating activities, other than payment for land leases	2,770	(986)
Net cash from investing activities, other than payment for land leases	2,775	4,371
Net cash used in financing activities	(5,666)	(3,040)
Effect of change in exchange rates	(100)	(216)
Cash and cash equivalents at 1 January	7,372	11,432
Cash and cash equivalents at 30 June	6,122	9,776

### 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 Suzhou and Guangzhou during the period. The details on new projects acquired are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment".

### Net Cash from (Used in) Operating Activities, Other Than Payment for Land Leases

Net cash from operating activities was mainly due to the sales in the real estate market ushered in a "temporary boom" at the beginning of the year. Cash generated from pre-sale and sale of properties during the period recorded an increase as compared with the corresponding period of last year. Meanwhile, construction costs and tax expenses recorded a decrease during the period as compared with the corresponding period of last year.



# Management Discussion and Analysis (continued)

## Net Cash from Investing Activities, Other Than Payment for Land Leases

The decrease in net cash flow from investing activities as compared with the corresponding period of last year was mainly due to the decrease in repayment of shareholders' loans from the Group's property joint venture projects and cash distributed or dividends received from the infrastructure joint venture projects during the period as compared with the corresponding period of last year.

## Net Cash Used in Financing Activities

The increase in net cash used in financing activities as compared with the corresponding period of last year was mainly due to the continuous downturn in the financing market of the real estate industry, and the decrease in refinancing and new loans drawn during the period as compared with the corresponding period of last year. In addition, the Group actively arranged funds from different channels to repay matured loans. Total loan repayment amounted to HK\$7,259 million equivalent during the period, including the redemption of an offshore bond and repayment of offshore syndicated loans by the Group during the period.

## Liquidity and Financial Resources

As at 30 June 2023, the equity attributable to owners of the Company was HK\$18,856 million (31 December 2022: HK\$20,246 million). Net assets per share attributable to owners of the Company was HK\$25.16 (31 December 2022: HK\$27.02).

As at 30 June 2023, the Group's total assets were HK\$82,089 million (31 December 2022: HK\$90,002 million) and bank balances and cash were HK\$7,137 million (31 December 2022: HK\$8,262 million), of which 89% was denominated in Renminbi and the remaining 11% was mainly denominated in US dollars or HK dollars.

The Group continues to adopt prudent financing and treasury policies, with all financing and treasury activities 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. The Group will continue to maintain healthy treasury strategy and consider various financing channels, so as to manage capital structure and ensure sufficient cash resources for the Group.

In the first half of 2023, the overall performance of the real estate market of Mainland China presented an upward trend followed by a decline. Although the financing policies have been relaxed since the fourth quarter of last year, and most private real estate enterprises, especially vulnerable real estate enterprises, still encountered financing difficulties. The overall financing in the industry was still weak, and the financing scale remained at a low level. In the second half of 2023, many real estate enterprises will still face relatively high level of debt pressure. If the real estate market is in a prolonged slump, debt defaults may continue. It is expected that with the strong support from national policies, the financing environment for real estate enterprises will gradually improve.

In the first half of 2023, the Group actively strengthened its cash flow and debt management. The Group repaid a total of HK\$7,259 million equivalents of loans during the period, including an offshore bond with an outstanding principal amount of US\$343 million and an offshore syndicated loan at their maturity, which has greatly reduced the Group's short-term debt repayment pressure.

# Management Discussion and Analysis (continued)

## Charges on Assets

As at 30 June 2023, bank balances of HK\$82 million (31 December 2022: HK\$119 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking credit facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK\$9,144 million (31 December 2022: HK\$11,928 million) were pledged as security for certain loan facilities.

As at 30 June 2023, the Group's borrowings with outstanding principal amount of HK\$2,373 million (31 December 2022: HK\$2,373 million) were secured by the pledges of the equity shares of certain subsidiaries and joint ventures of the Company.

## Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar, while 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 2023, Renminbi continued to depreciate, and the Group recorded net exchange losses of approximately HK\$504 million. 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.

## Financial Guarantee Contracts

As at 30 June 2023, the Group had provided guarantees of HK\$5,433 million (31 December 2022: HK\$6,801 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.

As at 30 June 2023, the Group had also provided guarantees of HK\$2,477 million (31 December 2022: HK\$4,088 million) for banking facilities granted to the joint ventures of the Group.

## Employees

Excluding the staff of joint ventures and associates, the Group had 4,210 employees as at 30 June 2023. Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK\$473 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.

# Corporate Governance

## **CORPORATE GOVERNANCE CODE**

The Company has complied with all applicable 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 throughout the six months ended 30 June 2023.

## **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 2023.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2023, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

### (I) Shares

Name of Directors	Nature of interest	Notes	Number of shares held		Percentage of holding <sup>(Note 3)</sup> %
			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 2023.

### (II) Underlying Shares - Share Options

The share option scheme adopted by the Company on 8 May 2013 (the "Old Scheme") expired on 8 May 2023. Particulars of the Old Scheme are set out in note 29 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2022.

A new share option scheme was adopted by shareholders of the Company (the "New Scheme") at the 2023 annual general meeting of the Company held on 24 May 2023 for a period of 10 years commencing from the date of adoption. Particulars of the New Scheme are set out in Appendix III of the Company's circular dated 19 April 2023.

As at 30 June 2023, there were no outstanding share options. During the six months ended 30 June 2023, no share options were granted, exercised, lapsed or cancelled under the Old Scheme nor under the New Scheme.

## Disclosure of Interests (continued)

### (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 1) (long position)
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities	US\$44,200,000 (Note 2) (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes due 2024 ("2024 Notes")	US\$12,500,000 (Note 3) (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes due 2025 ("2025 March Notes")	US\$2,000,000 (Note 4) (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$415.6 million 6% guaranteed senior notes due 2025 ("2025 September Notes")	US\$6,400,000 (Note 5) (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)

Notes:

- 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.
- A principal amount of US\$1,300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$42,600,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Talent Club Company Limited ("Talent Club", which is wholly-owned by Mr. Zen Wei Peu, Derek) and interest of such securities has been pledged to an independent third party other than a qualified lender. A principal amount of US\$300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Prepared Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.
- A principal amount of US\$3,500,000 of 2024 Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$9,000,000 of 2024 Notes was held by Talent Club and interest of such notes has been pledged to an independent third party other than a qualified lender.
- A principal amount of US\$1,000,000 of 2025 March Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
- A principal amount of US\$1,000,000 of 2025 September Notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$3,000,000 of 2025 September Notes was held by Talent Club and interest of such notes has been pledged to an independent third party other than a qualified lender.

## Disclosure of Interests (continued)

Save as disclosed above, none of the Directors of the Company had or deemed to have 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 (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2023, 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	336,608,428	–	44.92
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	336,608,428	–	44.92
Groove Trading Limited (Note 4)	Beneficial owner	81,880,000	–	10.93
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



## Disclosure of Interests (continued)

### 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 People's Republic of China) is deemed to be interested in the shares of the Company through its 90% 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 (Shum Yip Group Limited\*).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its approximately 63.19% 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. Ms. Cai Xun and Mr. Xu Enli 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 2023.

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

### DIVIDEND

The board of Directors (the "Board") has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023.

### REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the period, RKPF Overseas 2019 (A) Limited redeemed all then outstanding principal amount of US\$343 million of US\$400 million 7.875% guaranteed senior notes due 2023 (the "2023 Notes") upon its final maturity date on 1 February 2023. In addition, RKPF Overseas 2019 (A) Limited redeemed an aggregate principal amount of US\$5 million of US\$415.6 million 6% guaranteed senior notes due 2025 (the "2025 September Notes"). Following the redemption, relevant notes have been cancelled and the 2023 Notes were delisted from the Singapore Exchange Securities Trading Limited.

Subsequent to the reporting period, the Group redeemed US\$85.1 million of notes.

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 2023.

### 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 2023, is as follows:

	At 30 June 2023 HK\$'million
<b>Statement of Financial Position</b>	
Non-current assets	2,936
Current assets	31,718
Current liabilities	(21,712)
Net current assets	10,006
Non-current liabilities	(8,248)
Net assets	4,694

## Other Disclosures (continued)

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

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK\$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK\$'million
安徽省馬巢高速公路有限公司 Anhui Machao Expressway Co., Ltd.* (Note)	49%	243	–
常州新雋捷房地產開發有限公司 Changzhou Xinjunjie Properties Developments Co., Ltd.*	40%	86	891
佛山市啟輝房地產有限公司 Foshan Qihui Properties Co., Ltd.*	49%	–	466
廣州市潤禾置業有限公司 Guangzhou Runhe Real Estate Co., Ltd.*	30%	–	81
杭州鑫堯置業有限公司 Hangzhou Xinyao Real Estate Co., Ltd.*	30%	–	189
Holovis International Ltd.	40%	–	62
南京新勁聯房地產開發有限公司 Nanjing Xinjinlian Properties Developments Co., Ltd.*	25%	176	–
南京中勁房地產開發有限公司 Nanjing Zhongjin Properties Developments Co., Ltd.*	40%	393	16
Shum King Company Limited	50%	1,012	1,988
蘇州湖壘房地產開發有限公司 Suzhou Huxi Properties Developments Co., Ltd.*	35%	–	155
蘇州勁湖房地產開發有限公司 Suzhou Jinwu Properties Developments Co., Ltd.*	5%	2	12
蘇州瑞茂房地產開發有限公司 Suzhou Ruimao Properties Developments Co., Ltd.*	49%	–	282
天津雋達企業管理有限公司 Tianjin Junda Corporate Management Co., Ltd.*	50%	–	639
天津雋泰房地產開發有限公司 Tianjin Juntai Properties Developments Co., Ltd.*	50%	273	–
無錫鑫昇置業有限公司 Wuxi Xinsheng Real Estate Co., Ltd.*	30%	89	171
		2,274	4,952

Note:

As at 30 June 2023, the interests in the infrastructure joint venture is 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\$480 million 6.7% guaranteed senior notes due 2024 (issued in September 2019);
- (b) US\$300 million 5.9% guaranteed senior notes due 2025 (issued in March 2020);
- (c) 2025 September Notes (issued in September 2020);
- (d) US\$500 million 5.2% notes due 2026 (issued in January 2021);
- (e) US\$500 million 5.125% notes due 2026 (issued in July 2021);
- (f) US\$300 million 7.95% perpetual capital securities (issued in February 2017);
- (g) US\$300 million 7% perpetual capital securities (issued in June 2017); and
- (h) US\$300 million 7.75% fixed-spread perpetual capital securities (issued in November 2019).

During the period, RKPF Overseas 2019 (A) Limited redeemed all then outstanding principal amount of US\$343 million of the 2023 Notes upon its final maturity date on 1 February 2023. In addition, RKPF Overseas 2019 (A) Limited redeemed an aggregate principal amount of US\$5 million of 2025 September Notes. 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:

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

Name of Directors	Details of changes
Mr. Wong Wai Ho	He was appointed as the Chairman of the Remuneration Committee of the Company after the conclusion of the annual general meeting of the Company held on 24 May 2023 (the "2023 AGM").
Ms. Hui Grace Suk Han	She was appointed as a member of the Audit Committee and the Remuneration Committee of the Company after the conclusion of 2023 AGM.
Mr. Cheung Hon Kit	He was appointed as an Independent Non-executive Director of the Company with effect from 1 June 2023.

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 FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

## ACKNOWLEDGEMENT

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

# Corporate Information

## EXECUTIVE DIRECTORS

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

## NON-EXECUTIVE DIRECTORS

Cai Xun  
Xu Enli

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung  
Wong Wai Ho  
Hui Grace Suk Han  
Cheung Hon Kit

## PROPERTY BUSINESS MANAGEMENT COMMITTEE

Zen Wei Peu, Derek  
Fong Shiu Leung, Keter (*Convenor*)  
Ng Fun Hung, Thomas  
Li Wanle  
Chuk Wing Suet, Josephine  
Zhang Nan  
Diao Lu, Amy  
Gao Da Peng

## AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)  
Wong Wai Ho  
Hui Grace Suk Han

## NOMINATION COMMITTEE

Zen Wei Peu, Derek (*Chairman*)  
Lau Sai Yung  
Wong Wai Ho  
Hui Grace Suk Han

## REMUNERATION COMMITTEE

Wong Wai Ho (*Chairman*)  
Zen Wei Peu, Derek  
Lau Sai Yung

## 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 LLP

## 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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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 and securities are listed on the  
Singapore Exchange Securities Trading Limited

- US\$480 million 6.7% guaranteed senior notes due 2024
- US\$300 million 5.9% guaranteed senior notes due 2025
- US\$415.6 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 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](mailto: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-36, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

23 August 2023

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

Six months ended 30 June

	NOTES	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Revenue</b>			
Property sales and service income	3(a)	6,176,557	4,899,761
Other revenue		100,419	73,139
<b>Total revenue</b>	3(c)	<b>6,276,976</b>	4,972,900
Cost of sales		(5,582,880)	(3,165,290)
Gross profit		694,096	1,807,610
Interest income		167,021	227,189
Other income		101,548	93,244
Other gains and losses	5	(1,066,367)	(585,708)
Selling expenses		(293,828)	(245,015)
Administrative expenses		(401,171)	(378,480)
Share of results of associates		7,740	30,063
Share of results of joint ventures	6	724,360	405,947
Finance costs	7	(582,235)	(549,537)
<b>(Loss) profit before taxation</b>	8	<b>(648,836)</b>	805,313
Income tax expenses	9	(232,532)	(336,381)
<b>(Loss) profit for the period</b>		<b>(881,368)</b>	468,932
<b>(Loss) profit attributable to:</b>			
Owners of the Company		(1,220,253)	85,431
Owners of perpetual capital securities		265,929	266,321
Other non-controlling interests of subsidiaries		72,956	117,180
		<b>(881,368)</b>	468,932
<b>(Loss) earnings per share</b>			
– Basic	11	(HK\$1.63)	HK\$0.11
– Diluted		N/A	N/A

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>(Loss) profit for the period</b>	<b>(881,368)</b>	468,932
<b>Other comprehensive expense</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>225,108</b>	52,224
Share of other comprehensive income (expense) of joint ventures	<b>4,329</b>	(6,346)
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<b>(421,683)</b>	(670,023)
<b>Other comprehensive expense for the period</b>	<b>(192,246)</b>	(624,145)
<b>Total comprehensive expense for the period</b>	<b>(1,073,614)</b>	(155,213)
<b>Total comprehensive expense attributable to:</b>		
Owners of the Company	<b>(1,390,142)</b>	(429,379)
Owners of perpetual capital securities	<b>265,929</b>	266,321
Other non-controlling interests of subsidiaries	<b>50,599</b>	7,845
	<b>(1,073,614)</b>	(155,213)

# Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		50,524	53,049
Right-of-use assets		36,164	41,273
Investment properties	12	5,348,474	4,125,822
Interests in associates		1,034,846	1,041,280
Interests in joint ventures	13	18,618,882	18,612,840
Deferred tax assets		240,437	227,359
Amounts due from joint ventures and associates	15	4,437,866	6,084,012
Amounts due from other non-controlling interests of subsidiaries		302,069	974,183
Loan receivables		2,344,473	2,651,746
Financial assets at fair value through profit or loss ("FVTPL")		588,204	596,271
		<b>33,001,939</b>	<b>34,407,835</b>
<b>Current assets</b>			
Inventory of properties	14	32,873,954	38,631,097
Prepayment for land leases		1,029,364	–
Amounts due from joint ventures and associates	15	2,668,691	3,564,733
Amounts due from other non-controlling interests of subsidiaries		1,089,292	909,132
Loan receivables		74,122	68,158
Debtors, deposits and prepayments	16	2,585,176	2,657,112
Prepaid income tax		1,546,921	1,382,848
Pledged bank deposits	17	82,457	119,803
Bank balances and cash	17	7,137,201	8,261,655
		<b>49,087,178</b>	<b>55,594,538</b>
<b>Total assets</b>		<b>82,089,117</b>	<b>90,002,373</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	74,934	74,934
Reserves		18,781,338	20,171,480
		<b>18,856,272</b>	<b>20,246,414</b>
<b>Owners of perpetual capital securities</b>	19	<b>6,962,375</b>	<b>6,961,258</b>
<b>Other non-controlling interests of subsidiaries</b>		<b>5,141,120</b>	<b>5,552,811</b>
<b>Total equity</b>		<b>30,959,767</b>	<b>32,760,483</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Bank and other borrowings	20	20,756,578	21,890,008
Deferred tax liabilities		1,206,632	1,238,541
Financial liabilities at FVTPL		581,947	198,815
Lease liabilities		21,258	28,647
		<b>22,566,415</b>	23,356,011
<b>Current liabilities</b>			
Creditors and accrued charges	21	6,845,972	8,174,131
Amounts due to joint ventures and associates		5,453,201	4,919,384
Amounts due to other non-controlling interests of subsidiaries		1,524,838	1,505,136
Contract liabilities		4,464,042	3,980,427
Lease liabilities		18,285	15,031
Income tax payable		4,585,580	4,944,361
Bank and other borrowings	20	5,204,813	10,257,686
Financial liabilities at FVTPL		466,204	89,723
		<b>28,562,935</b>	33,885,879
<b>Total equity and liabilities</b>		<b>82,089,117</b>	90,002,373



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company										Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency	Special reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Cash flow	Retained profits HK\$'000	Sub-total HK\$'000	Owners of perpetual capital securities HK\$'000		Other non-controlling interests of subsidiaries HK\$'000
			translation reserve HK\$'000				hedging reserve HK\$'000					
Balance at 1 January 2022 (audited)	74,934	3,224,794	2,090,221	1,260,000	1,002,963	4,154,450	-	10,530,056	22,337,418	6,954,296	6,506,666	35,798,380
Profit for the period	-	-	-	-	-	-	-	85,431	85,431	266,321	117,180	468,932
Share of other comprehensive expense of joint ventures	-	-	-	-	-	-	(6,346)	-	(6,346)	-	-	(6,346)
Exchange differences arising on translation of foreign operations	-	-	39,168	-	-	-	-	-	39,168	-	13,056	52,224
Exchange differences arising on translation to presentation currency	-	-	(547,632)	-	-	-	-	-	(547,632)	-	(122,391)	(670,023)
<b>Total comprehensive (expense) income for the period</b>	-	-	(508,464)	-	-	-	(6,346)	85,431	(429,379)	266,321	7,845	(155,213)
Sub-total	74,934	3,224,794	1,581,757	1,260,000	1,002,963	4,154,450	(6,346)	10,615,487	21,908,039	7,220,617	6,514,511	35,643,167
Released upon deregistration of subsidiaries of the Company	-	-	(50,776)	-	-	-	-	50,776	-	-	-	-
Reduction of capital of a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	(344,990)	(344,990)
Distributions paid for owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	(264,012)	-	(264,012)
Dividend (note 10)	-	-	-	-	-	-	-	(149,867)	(149,867)	-	-	(149,867)
<b>Balance at 30 June 2022 (unaudited)</b>	<b>74,934</b>	<b>3,224,794</b>	<b>1,530,981</b>	<b>1,260,000</b>	<b>1,002,963</b>	<b>4,154,450</b>	<b>(6,346)</b>	<b>10,516,396</b>	<b>21,758,172</b>	<b>6,956,605</b>	<b>6,169,521</b>	<b>34,884,298</b>
Balance at 1 January 2023 (audited)	74,934	3,224,794	601,802	1,260,000	1,002,963	5,783,603	(8,116)	8,306,434	20,246,414	6,961,258	5,552,811	32,760,483
(Loss) profit for the period	-	-	-	-	-	-	-	(1,220,253)	(1,220,253)	265,929	72,956	(881,368)
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	4,329	-	4,329	-	-	4,329
Exchange differences arising on translation of foreign operations	-	-	168,831	-	-	-	-	-	168,831	-	56,277	225,108
Exchange differences arising on translation to presentation currency	-	-	(343,049)	-	-	-	-	-	(343,049)	-	(78,634)	(421,683)
<b>Total comprehensive (expense) income for the period</b>	-	-	(174,218)	-	-	-	4,329	(1,220,253)	(1,390,142)	265,929	50,599	(1,073,614)
Sub-total	74,934	3,224,794	427,584	1,260,000	1,002,963	5,783,603	(3,787)	7,086,181	18,856,272	7,227,187	5,603,410	31,686,869
Capital contributions from other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	84,570	84,570
Reduction of capital/acquisition of other non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(546,860)	(546,860)
Distributions paid for owners of perpetual capital securities	-	-	-	-	-	-	-	-	-	(264,812)	-	(264,812)
<b>Balance at 30 June 2023 (unaudited)</b>	<b>74,934</b>	<b>3,224,794</b>	<b>427,584</b>	<b>1,260,000</b>	<b>1,002,963</b>	<b>5,783,603</b>	<b>(3,787)</b>	<b>7,086,181</b>	<b>18,856,272</b>	<b>6,962,375</b>	<b>5,141,120</b>	<b>30,959,767</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

		Six months ended 30 June	
	NOTE	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Operating activities:</b>			
Operating cash flows before movements in working capital		121,556	1,295,398
Payment for land leases		(1,029,364)	(473,958)
Decrease (increase) in debtors, deposits and prepayments		67,205	(196,732)
Decrease in inventory of properties		4,104,357	1,187,729
Increase in contract liabilities		534,970	121,624
Decrease in creditors and accrued charges		(1,288,787)	(2,359,946)
Cash generated from (used in) operations		2,509,937	(425,885)
Income tax paid		(768,908)	(1,034,729)
<b>Net cash from (used in) operating activities</b>		<b>1,741,029</b>	<b>(1,460,614)</b>
<b>Investing activities:</b>			
Cash distributions/dividends received from joint ventures		389,036	488,331
Net cash inflow from acquisition of a subsidiary	22	2,363	–
Net cash proceeds on disposal of interest in a joint venture		–	48,150
Capital contributions to joint ventures		(39,957)	(333,691)
Reduction in capital contributions to joint ventures		114,286	–
Advances to other non-controlling interests of subsidiaries		(232,018)	(105,084)
Repayment from other non-controlling interests of subsidiaries		254,115	111,206
Advances to joint ventures		(997,635)	(1,544,212)
Repayment from joint ventures		3,258,265	3,737,163
Placement of pledged bank deposits		(12,363)	(13,058)
Withdrawal of pledged bank deposits		48,088	2,123
Placement of restricted bank balances		(448,200)	(195,296)
Withdrawal of restricted bank balances		314,566	748,270
Settlement of consideration payables		(10,526)	(198,322)
Other investing cash flows		134,907	314,462
<b>Net cash from investing activities</b>		<b>2,774,927</b>	<b>3,060,042</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

Six months ended 30 June

		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
	NOTE		
<b>Financing activities:</b>			
New borrowings raised		1,131,219	1,976,313
Repayment of borrowings		(7,259,327)	(3,382,857)
Repayment of lease liabilities including related interests		(10,384)	(12,459)
Capital contribution from a non-controlling interest of a subsidiary		16	–
Reduction of capital of a non-controlling interest of a subsidiary		–	(344,990)
Advances from other non-controlling interests of subsidiaries		380,425	303,073
Repayment to other non-controlling interests of subsidiaries		(340,361)	(676,677)
Advances from joint ventures and associates		934,590	694,004
Repayment to joint ventures and associates		(37,364)	(268,959)
Distributions paid for owners of perpetual capital securities		(264,812)	(264,012)
Dividend paid		–	(149,867)
Interest paid		(965,024)	(1,051,236)
Net cash (paid for) received from participation rights designated as at FVTPL		(5,080)	137,616
Cash received from sale loan with redemption right designated as at FVTPL		800,000	–
Cash paid for contingent consideration designated as at FVTPL		(29,801)	–
<b>Net cash used in financing activities</b>		<b>(5,665,903)</b>	<b>(3,040,051)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,149,947)</b>	<b>(1,440,623)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>7,371,621</b>	<b>11,432,416</b>
Effect of foreign exchange rate changes		(99,729)	(216,216)
<b>Cash and cash equivalents at 30 June</b>		<b>6,121,945</b>	<b>9,775,577</b>
Add: designated bank balances	17	1,015,256	594,806
<b>Total bank balances and cash</b>	17	<b>7,137,201</b>	<b>10,370,383</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 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 on The Stock Exchange of Hong Kong Limited.

## 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”), agenda decision of the International Financial Reporting Standards Interpretations Committee (the “Committee”) of the International Accounting Standards Board (the “IASB”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

Except as described below, the directors of the Company (the “Directors”) anticipate that the application of the new and 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 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and amendments to HKFRSs *(continued)*

#### 2.1 Impacts on application of Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

#### 2.2 Impacts and changes in accounting policies on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

##### 2.2.1 Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognized a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be recognized and a deferred tax liability for all taxable temporary differences.

##### 2.2.2 Transition and summary of effects

As disclosed in the Group’s annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognized due to application of the initial recognition exemption. In accordance with the transition provision, the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022.

The application of the amendments has had no material impact on the Group’s financial position and performance.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and amendments to HKFRSs *(continued)*

#### 2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 December 2023.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3. REVENUE

### (a) Revenue from contracts with customers

By segment	Six months ended 30 June 2023			Six months ended 30 June 2022		
	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
<b>Types of goods or services</b>						
Property sales	5,696,463	27,035	5,723,498	4,514,214	47,435	4,561,649
Property management and service income	451,157	1,902	453,059	332,115	5,997	338,112
<b>Total</b>	<b>6,147,620</b>	<b>28,937</b>	<b>6,176,557</b>	<b>4,846,329</b>	<b>53,432</b>	<b>4,899,761</b>
<b>Geographical market</b>						
Mainland China	6,101,961	28,937	6,130,898	4,753,497	53,432	4,806,929
Hong Kong	45,659	-	45,659	92,832	-	92,832
<b>Total</b>	<b>6,147,620</b>	<b>28,937</b>	<b>6,176,557</b>	<b>4,846,329</b>	<b>53,432</b>	<b>4,899,761</b>
<b>Timing of revenue recognition</b>						
Goods recognised at a point in time	5,696,463	27,035	5,723,498	4,514,214	47,435	4,561,649
Services recognised over time	451,157	1,902	453,059	332,115	5,997	338,112
<b>Total</b>	<b>6,147,620</b>	<b>28,937</b>	<b>6,176,557</b>	<b>4,846,329</b>	<b>53,432</b>	<b>4,899,761</b>

### (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 2023			Six months ended 30 June 2022		
	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))	6,147,620	28,937	6,176,557	4,846,329	53,432	4,899,761
Rental income from commercial properties and other revenue	95,801	4,618	100,419	69,238	3,901	73,139
<b>Total revenue of the Group (note 4)</b>	<b>6,243,421</b>	<b>33,555</b>	<b>6,276,976</b>	<b>4,915,567</b>	<b>57,333</b>	<b>4,972,900</b>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3. REVENUE *(continued)*

### (c) Total revenue of the Group

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Property sales and service income	<b>6,176,557</b>	4,899,761
Rental income from commercial properties and other revenue	<b>100,419</b>	73,139
Total revenue of the Group	<b>6,276,976</b>	4,972,900
Group's share of revenue of property joint ventures and associates	<b>7,631,095</b>	2,680,611
Group's share of toll revenue of infrastructure joint ventures	<b>961,179</b>	936,331
Revenue of the Group and Group's share of revenue of joint ventures and associates	<b>14,869,250</b>	8,589,842

## 4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who mainly are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations (including interests in joint ventures and associates) stated as below:

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 2023

## 4. SEGMENT INFORMATION *(continued)*

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

	Six months ended 30 June 2023				Six months ended 30 June 2022			
	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	6,243,421	–	33,555	6,276,976	4,915,567	–	57,333	4,972,900
Segment (loss) profit	(430,433)	253,390	(639,950)	(816,993)	586,551	308,604	(356,706)	538,449

	At 30 June 2023				At 31 December 2022			
	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)	63,854,804	8,114,799	9,579,678	81,549,281	71,467,414	7,781,771	9,995,603	89,244,788
Segment liabilities	(47,810,831)	(1,326,070)	(1,050,569)	(50,187,470)	(53,595,407)	(1,379,316)	(1,147,226)	(56,121,949)

### (a) Measurement

Segment (loss) profit represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, other gains and 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 corporate income and expenses. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

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

Segment assets represent assets held by each segment without allocation of corporate assets which are mainly right-of-use assets, deposits and prepayments, and bank balances and cash.

Segment liabilities represent liabilities held by each segment without allocation of corporate liabilities which are mainly accrued charges, bank and other borrowings and lease liabilities.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 4. SEGMENT INFORMATION *(continued)*

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

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Total segment (loss) profit	<b>(816,993)</b>	538,449
Unallocated items:		
Interest income	<b>3,323</b>	764
Corporate expenses	<b>(32,244)</b>	(33,046)
Finance costs	<b>(35,454)</b>	(37,235)
Consolidated (loss) profit for the period	<b>(881,368)</b>	468,932

	30 June	31 December
	2023 HK\$'000	2022 HK\$'000
Total segment assets	<b>81,549,281</b>	89,244,788
Unallocated assets:		
Right-of-use assets	<b>11,721</b>	15,062
Deposits and prepayments	<b>61,091</b>	81,699
Bank balances and cash	<b>467,024</b>	660,824
Consolidated total assets	<b>82,089,117</b>	90,002,373
Total segment liabilities	<b>(50,187,470)</b>	(56,121,949)
Unallocated liabilities:		
Accrued charges	<b>(8,918)</b>	(13,549)
Bank and other borrowings	<b>(920,116)</b>	(1,090,970)
Lease liabilities	<b>(12,846)</b>	(15,422)
Consolidated total liabilities	<b>(51,129,350)</b>	(57,241,890)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Net exchange losses	(504,136)	(490,034)
Change in fair value of financial liabilities at FVTPL – relating to the foreign currency forward contracts	–	20
	(504,136)	(490,014)
Change in fair value of financial asset at FVTPL – relating to the investment in a listed entity	–	(5,402)
Change in fair value of financial liabilities at FVTPL – relating to participation rights	(8,024)	–
– relating to sale loan with redemption right	5,855	–
Loss on disposal of interest in a joint venture	–	(20,582)
Net gains on disposals/written off of property, plant and equipment	380	477
Impairment loss on loan receivables	(250,855)	(34,814)
Impairment loss on amounts due from joint ventures	(250,855)	–
Fair value losses on transfer of completed properties held for sale to investment properties	(136,711)	(687)
Change in fair value of investment properties	77,979	(34,686)
	(1,066,367)	(585,708)

## 6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	623,368	609,807
Less share of:		
– Amortisation of toll road operation rights	(134,265)	(137,034)
– Income tax expenses	(121,572)	(122,615)
	367,531	350,158
Share of profits of property and other joint ventures	356,829	55,789
	724,360	405,947

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 7. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest on borrowings	941,600	1,065,545
Interest on lease liabilities	1,066	1,395
Other interest and finance costs	65,900	64,973
	<b>1,008,566</b>	<b>1,131,913</b>
Less: Capitalised in properties under development for sale	<b>(426,331)</b>	<b>(582,376)</b>
	<b>582,235</b>	<b>549,537</b>

## 8. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of right-of-use assets	10,452	10,038
Depreciation of property, plant and equipment	10,602	8,138
	<b>21,054</b>	<b>18,176</b>
Less: Capitalised in properties under development for sale	<b>(143)</b>	<b>(137)</b>
	<b>20,911</b>	<b>18,039</b>
Cost of inventories recognised as an expense (including write-down of inventories amounting to HK\$136,830,000 (six months ended 30 June 2022: Nil))	<b>5,161,455</b>	<b>2,881,818</b>
and after crediting:		
Bank interest income	<b>39,263</b>	<b>45,741</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Current tax:		
Hong Kong profits tax	–	1,490
PRC enterprise income tax ("EIT")	117,190	311,697
PRC land appreciation tax ("LAT")	92,942	2,484
Withholding tax	54,065	42,706
	<b>264,197</b>	358,377
Deferred tax	<b>(31,665)</b>	(21,996)
	<b>232,532</b>	336,381

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%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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	
	2023 HK\$'000	2022 HK\$'000
No 2022 final dividend paid (six months ended 30 June 2022: 2021 final dividend paid of HK\$0.20 per share)	–	149,867

The board of Directors has resolved not to declare the payment of any interim dividends for the six months ended 30 June 2023 and 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
(Loss) earnings for the purposes of basic (loss) earnings per share attributable to owners of the Company	<b>(1,220,253)</b>	85,431

	Six months ended 30 June	
	2023 Number of shares '000	2022 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>749,337</b>	749,337

No diluted (loss) earnings per share for the six months ended 30 June 2023 and 2022 were presented as there were no dilutive potential ordinary shares in issue for both interim periods.

## 12. INVESTMENT PROPERTIES

	HK\$'000
<b>Completed properties, at fair value</b>	
At 1 January 2023	<b>4,125,822</b>
Transfer from completed properties held for sale (note)	<b>1,199,828</b>
Change in fair value recognised in profit or loss	<b>77,979</b>
Exchange difference arising on translation to presentation currency	<b>(55,155)</b>
At 30 June 2023	<b>5,348,474</b>

Note: The change in use of the properties was evidenced by the inception of lease contracts. The balance was after the fair value losses of HK\$136,711,000 upon the transfer of completed properties held for sale to investment properties.

The fair values of completed investment properties 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.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 12. INVESTMENT PROPERTIES *(continued)*

The investment properties are situated in 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 2023 HK\$'000	31 December 2022 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>7,894,868</b>	7,894,868
Return of cost of investments (note (a))	<b>(2,856,155)</b>	(2,776,244)
Share of post-acquisition profits and other comprehensive expense, net of dividends	<b>1,615,710</b>	1,694,068
Exchange adjustments	<b>404,906</b>	273,364
	<b>7,059,329</b>	7,086,056
Interests in property and other joint ventures		
Cost of investments	<b>11,375,800</b>	11,447,946
Share of post-acquisition profits, net of dividends	<b>1,002,403</b>	754,227
Unrealised profits (note (b))	<b>(160,678)</b>	(162,984)
Exchange adjustments	<b>(657,972)</b>	(512,405)
	<b>11,559,553</b>	11,526,784
	<b>18,618,882</b>	18,612,840

Notes:

- (a) Pursuant to the joint venture agreements, the infrastructure joint ventures distribute the cash surplus to the Group based on the agreed profit/cash sharing ratio for 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 2023.
- (c) 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 acquisition of SN JV includes contingent consideration arrangement, which is measured at FVTPL 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.

At 30 June 2023, the fair value of the consideration payable amounting to HK\$62,490,000 (31 December 2022: HK\$89,723,000) was determined by the Directors based on probability of the adjustment to the toll road tariff chargeable under the concession agreement and repayment of cash compensation received from the local government. Details of the fair value measurement of the contingent consideration are set out in note 28.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 13. INTERESTS IN JOINT VENTURES *(continued)*

Notes: *(continued)*

- (d) In March 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 of IDR1,236,000,000,000 (equivalent to HK\$656,330,000) for the acquisition of equity interests of MKTT JV was fully settled by December 2022.
- (e) In June 2022, the Group disposed of 45% interest in a joint venture to a third party at a consideration of approximately RMB68,849,000 (equivalent to HK\$81,382,000), together with repayment of the shareholder's loans in the amount of approximately RMB802,100,000 (equivalent to HK\$948,109,000). Before the disposal, the Group owned 45% of the equity interest in the joint venture through an indirect wholly-owned subsidiary and the investment was previously accounted for as an investment in a joint venture using the equity method of accounting. This transaction has resulted in the Group recognising a loss of HK\$20,582,000 in profit or loss for the period ended 30 June 2022.
- (f) In April 2023, the concession period of Hebei Tangjin Expressway Company Limited ("Tangjin Expressway"), which was 45% held by the Group, was expired and terminated. The Group and joint venture partner of Tangjin Expressway have formed a settlement committee whereas the final distribution will be settled after an independent auditor's report is issued and approved.

## 14. INVENTORY OF PROPERTIES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Completed properties held for sale	14,674,261	19,632,841
Properties under development for sale (note)	18,199,693	18,998,256
	<b>32,873,954</b>	38,631,097

Note: Included in the amounts are properties under development for sale of HK\$11,165,098,000 (31 December 2022: HK\$12,052,343,000) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 15. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Total gross carrying amount of amounts due from joint ventures and associates	7,357,412	9,648,745
Less: Impairment loss on amounts due from joint ventures	(250,855)	–
Amounts due from joint ventures and associates (note)	7,106,557	9,648,745
Current portion	2,668,691	3,564,733
Non-current portion	4,437,866	6,084,012
	7,106,557	9,648,745

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	62,738	121,986
61 to 90 days	3,430	675
More than 90 days	105,586	32,136
Trade debtors from contracts with customers derived from goods and services	171,754	154,797
Prepayment for land development cost (note (b))	563,698	571,429
Deposits paid for acquisition of inventory of properties (note (c))	577,003	584,917
Prepayment of value added tax and other taxes	490,455	540,844
Consideration receivable	25,366	25,714
Other receivables, deposits and prepayments	756,900	779,411
	<b>2,585,176</b>	<b>2,657,112</b>

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 2023, prepayment of land development cost of HK\$563,698,000 (31 December 2022: HK\$571,429,000) has been fully paid in prior years. According to the agreement, if the Group cannot obtain the land through the public auction, the entire amount will be refunded in full along with a daily interest of 0.03% to be received as necessary. During the period ended 30 June 2023, 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. There is no material deviation from the agreed timetable so far.
- (c) The amounts at 30 June 2023 represent deposits for acquisition of property development projects in Mainland China, 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 2023

## 17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments.

Pledged bank deposits of HK\$82,457,000 (31 December 2022: HK\$119,803,000) 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, restricted bank balances amounting to HK\$1,015,256,000 (31 December 2022: HK\$890,034,000) that are placed in designated bank accounts mainly for certain property development projects in accordance with the applicable regulatory and contractual requirements. These bank balances are not held for meeting short-term cash commitments and are, thus, excluded in cash and cash equivalents.

Bank balances carry interest at market rates which range from 0.01% to 4.33% (31 December 2022: 0.01% to 4.48%) per annum.

## 18. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
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
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 January 2022, 31 December 2022 and 30 June 2023	749,336,566	74,934

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 19. OWNERS OF PERPETUAL CAPITAL SECURITIES

	Notes	30 June 2023 HK\$'000	31 December 2022 HK\$'000
2017 February perpetual capital securities	(a)	<b>2,347,640</b>	2,347,680
2017 June perpetual capital securities	(a)	<b>2,285,732</b>	2,285,724
2019 November perpetual capital securities	(b)	<b>2,329,003</b>	2,327,854
		<b>6,962,375</b>	6,961,258

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 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 issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

Additional information for the owners of 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. In the opinion of the Directors, the fair value of call options is insignificant as at 30 June 2023 and 31 December 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 20. BANK AND OTHER BORROWINGS

	Notes	30 June 2023 HK\$'000	31 December 2022 HK\$'000
2019 February guaranteed senior notes	(a)	–	2,755,319
2019 September guaranteed senior notes	(b)	<b>2,823,586</b>	2,818,256
2020 March guaranteed senior notes	(c)	<b>1,713,250</b>	1,710,911
2020 September guaranteed senior notes	(d)	<b>2,330,311</b>	2,363,448
2021 January guaranteed senior notes	(e)	<b>3,956,447</b>	3,951,953
2021 July guaranteed senior notes	(f)	<b>3,942,777</b>	3,938,414
Bank loans	(g)	<b>9,327,647</b>	12,784,322
Other loans	(h)	<b>1,867,373</b>	1,825,071
		<b>25,961,391</b>	32,147,694
Secured		<b>4,449,383</b>	8,392,037
Unsecured		<b>21,512,008</b>	23,755,657
		<b>25,961,391</b>	32,147,694



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 20. BANK AND OTHER BORROWINGS *(continued)*

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
The maturity of the above loans is as follows:		
Senior notes repayable*:		
Within one year	304,642	3,060,325
More than one year but not exceeding two years	4,457,040	2,770,984
More than two years but not exceeding five years	10,004,689	11,706,992
	<b>14,766,371</b>	17,538,301
Bank borrowings repayable*:		
Within one year	3,303,289	6,135,043
Repayable on demand (within one year)	313,009	391,857
More than one year but not exceeding two years	3,960,463	4,628,401
More than two years but not exceeding five years	830,545	897,396
More than five years	920,341	731,625
	<b>9,327,647</b>	12,784,322
Other loans repayable*:		
Within one year	1,283,873	670,461
More than one year but not exceeding two years	583,500	1,154,610
	<b>1,867,373</b>	1,825,071
Total borrowings	<b>25,961,391</b>	32,147,694
Less: Amounts classified as current liabilities	<b>(5,204,813)</b>	(10,257,686)
Amounts due over one year shown and classified as non-current liabilities	<b>20,756,578</b>	21,890,008

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 20. BANK AND OTHER BORROWINGS *(continued)*

Notes:

- (a) The 2019 February guaranteed senior notes with a principal amount of US\$400,000,000 were listed on the Singapore Exchange and were issued in February 2019. The notes, bearing interest at a fixed rate of 7.875% per annum, matured in February 2023. All the then outstanding principal amount of US\$343,000,000 of the notes has been fully redeemed on 1 February 2023.
- (b) The 2019 September guaranteed senior notes with an outstanding principal amount of US\$358,831,000 (31 December 2022: US\$358,831,000) 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.
- (c) The 2020 March guaranteed senior notes with an outstanding principal amount of US\$217,064,000 (31 December 2022: US\$217,064,000) 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.
- (d) The 2020 September guaranteed senior notes with an outstanding principal amount of US\$297,888,000 (31 December 2022: US\$302,888,000) 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.
- (e) The 2021 January guaranteed senior notes with an outstanding principal amount of US\$500,000,000 (31 December 2022: 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.
- (f) The 2021 July guaranteed senior notes with an outstanding principal amount of US\$500,000,000 (31 December 2022: US\$500,000,000) are listed on the Singapore Exchange and were issued in July 2021. The notes, bearing interest at a fixed rate of 5.125% per annum, will mature in July 2026.
- (g) At 30 June 2023, bank loans with carrying amount of HK\$5,348,179,000 (31 December 2022: HK\$6,902,768,000) bear a floating interest rate based on either lending rate set by the People's Bank of China or Loan Prime Rate plus a specified margin, ranging from 3.5% to 6.5% (31 December 2022: 4.19% to 7.13%) per annum. At 30 June 2023, interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate ("HIBOR") or Secured Overnight Financing Rate ("SOFR") (31 December 2022: SOFR or HIBOR or London Interbank Offered Rate) plus a specified margin, ranging from 5.61% to 10.23% (31 December 2022: 2.69% to 9.66%) per annum.  
  
At 30 June 2023, in respect of bank loans with the aggregate carrying amount of HK\$9,327,647,000 (31 December 2022: HK\$12,784,322,000), the Group is required to comply with the financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding. The Group regularly monitored its compliance with these covenants throughout the reporting period.
- (h) At 30 June 2023, other loans with carrying amount of HK\$1,867,373,000 (31 December 2022: HK\$1,825,071,000) bear interest at a fixed rate ranging from 5.5% to 15% (31 December 2022: 5.5% to 15%) per annum and mainly include commercial mortgaged-backed securities and amounts borrowed from certain trust companies.

Subsequent to the reporting period, the Group redeemed US\$85,100,000 of the guaranteed senior notes.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 21. CREDITORS AND ACCRUED CHARGES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	342,912	747,042
61 to 90 days	69,853	140,176
More than 90 days	1,246,188	1,043,669
	<b>1,658,953</b>	1,930,887
Bills payables		
Within 60 days	53,575	19,525
More than 90 days	2,507	16,614
	<b>56,082</b>	36,139
Accrued construction costs	<b>3,088,079</b>	3,802,230
	<b>4,803,114</b>	5,769,256
Accrued taxes (other than EIT and LAT)	170,506	208,853
Consideration payable from acquisition of joint ventures	224,528	238,133
Dividends payable to other non-controlling interests of subsidiaries	270,902	274,617
Construction related deposits	271,022	411,086
Other payables	1,105,900	1,272,186
	<b>6,845,972</b>	8,174,131

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22. ACQUISITION OF A SUBSIDIARY

The Group elected to apply the optional concentration test in accordance with HKFRS 3 and concluded that inventory of properties are considered a group of similar identifiable assets of the subsidiary acquired. The Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business. In the event where the concentration test is not met, the Directors have performed a detail assessment of the acquired subsidiary which is engaged in property development but without significant process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and this transaction is accounted for as acquisition of assets and liabilities through acquisition of the subsidiary. Details of the acquisition is as follows:

In November 2022, the Group entered into a sale and purchase agreement to acquire the remaining 50% equity interest in 常州路勁雅居房地產開發有限公司("常州路勁雅居") from a joint venture partner at a total consideration of RMB25,000,000 (equivalent to HK\$28,185,000), which was fully settled by debt assignment. 常州路勁雅居 was a 50% joint venture of the Group engaging in the property development in Changzhou, the PRC. Upon completion of the acquisition in January 2023, it became a wholly-owned subsidiary of the Company.

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

	HK\$'000
Property, plant and equipment	17
Inventory of properties	18,377
Debtors, deposits and prepayments	31,572
Amounts due from the Group	151,387
Bank balances and cash	2,363
Creditors and accrued charges	(82,528)
Contract liabilities	(859)
Income tax payable	(33,026)
	<b>87,303</b>
Satisfied by:	
Interest in a joint venture disposed of	87,303
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	2,363

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 23. FINANCIAL GUARANTEE CONTRACTS

At 30 June 2023, the Group provided guarantees of HK\$5,432,645,000 (31 December 2022: HK\$6,800,909,000) 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 2023, the Group provided guarantee of HK\$2,477,239,000 (31 December 2022: HK\$4,088,200,000) 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.

## 24. 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\$5,602,897,000 (31 December 2022: HK\$9,246,842,000) and investment properties of HK\$3,541,092,000 (31 December 2022: HK\$2,680,676,000) were pledged to banks to secure the banking and other facilities granted to the Group.

As at 30 June 2023, the Group's borrowings with outstanding principal amount of HK\$2,372,700,000 (31 December 2022: HK\$2,372,900,000) were secured by the pledges of the equity shares of certain subsidiaries and joint ventures of the Group.

## 25. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Capital injection into joint ventures contracted for but not provided in the condensed consolidated financial statements	54,701	55,451

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 26. RELATED PARTY TRANSACTIONS

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

Related parties	Nature	Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Infrastructure joint ventures	Interest income	–	1,365
Property and other joint ventures	Interest income	113,952	155,990
Other non-controlling interests of subsidiaries	Interest income	4,916	8,167
Property joint ventures	Interest expense	6,035	10,718

On 6 October 2022, the Group entered into an investment agreement to dispose of 20% shares and sale loan in Rainbow Triumph Limited (“Rainbow Triumph”) to a subsidiary of a major shareholder. The total consideration is HK\$800,015,700, of which HK\$15,700 is attributable to the sale shares and HK\$800,000,000 is attributable to the sale loan with redemption right. Upon completion of the disposal in January 2023, Rainbow Triumph became a non-wholly owned subsidiary of the Company. The Group designated the sale loan with redemption right as a financial liability measured at fair value.

### 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	
	2023 HK\$'000	2022 HK\$'000
Short-term employment benefits	57,894	66,683
Post-employment benefits	2,952	2,510
	60,846	69,193

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 2023

## 27. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2023 amounted to HK\$53,526,182,000 (31 December 2022: HK\$56,116,494,000). The Group's net current assets at 30 June 2023 amounted to HK\$20,524,243,000 (31 December 2022: HK\$21,708,659,000).

## 28. 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**

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, mark-to-market report from the custodian is used where available. Otherwise, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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 based on 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 2023

## 28. 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 2023 HK\$'000	31 December 2022 HK\$'000			
Investment in an unlisted entity (included in financial assets at FVTPL)	<b>587,640</b>	595,700	Level 3	–	Market comparison approach.  – The fair value is determined based on valuation provided by an independent professional valuer which is measured using market comparison approach based on making reference to fair market prices of the land value.
Investment in a listed entity (included in financial assets at FVTPL)	<b>564</b>	571	Level 1	–	Published price quotation available on the Nasdaq Capital Market.
Contingent consideration (included in financial liabilities at FVTPL)	<b>(62,490)</b>	(89,723)	Level 3	–	Probability of the adjustment to the toll road tariff chargeable under the concession agreement.
Participation rights designated as at FVTPL (included in financial liabilities at FVTPL)	<b>(202,273)</b>	(198,815)	Level 3	–	Discounted cash flows.  – The fair value is determined based on valuation provided by an independent professional valuer which is measured using discount cash flow analysis based on surrender price, distribution, discount rate. A significant increase in surrender value would result in a significant increase in fair value of the participation rights, and vice versa.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 28. 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 2023 HK\$'000	31 December 2022 HK\$'000		
Sale loan with redemption right designated as at FVTPL (included in financial liabilities at FVTPL)	(783,388)	–	Level 3	– Monte Carlo methods. – The fair value is determined based on valuation provided by an independent professional valuer which is measured using Monte Carlo simulation based on the current property prices, China risk-free rate, the expected volatility of the property prices and expected return.
	<b>(459,947)</b>	307,733		

During the six months ended 30 June 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

### Reconciliation of Level 3 fair value measurements

	Investment in an unlisted entity HK\$'000
<b>Financial asset at FVTPL</b>	
At 1 January 2022	893,056
Change in fair value recognised in profit or loss	(261,283)
Exchange difference arising on translation to presentation currency	(36,073)
At 31 December 2022	595,700
Exchange difference arising on translation to presentation currency	<b>(8,060)</b>
At 30 June 2023	<b>587,640</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

### Reconciliation of Level 3 fair value measurements *(continued)*

	Sale loan with redemption right HK\$'000	Contingent consideration HK\$'000	Participation rights HK\$'000	Total HK\$'000
<b>Financial liabilities at FVTPL</b>				
At 1 January 2022	–	103,882	111,793	215,675
Change in fair value recognised in profit or loss	–	(10,608)	(16,156)	(26,764)
Additions	–	–	102,097	102,097
Exchange difference arising on translation to presentation currency	–	(3,551)	1,081	(2,470)
At 31 December 2022	–	89,723	198,815	288,538
Additions	<b>800,000</b>	–	–	<b>800,000</b>
Change in fair value recognised in profit or loss	<b>(5,855)</b>	–	<b>8,024</b>	<b>2,169</b>
Settlement	–	<b>(29,801)</b>	<b>(5,080)</b>	<b>(34,881)</b>
Exchange difference arising on translation to presentation currency	<b>(10,757)</b>	<b>2,568</b>	<b>514</b>	<b>(7,675)</b>
At 30 June 2023	<b>783,388</b>	<b>62,490</b>	<b>202,273</b>	<b>1,048,151</b>

### 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 2023 and 31 December 2022 except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price available in an inactive market) are disclosed below:

	30 June 2023		31 December 2022	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2019 February guaranteed senior notes	–	–	2,755,319	2,646,498
2019 September guaranteed senior notes	<b>2,823,586</b>	<b>2,079,820</b>	2,818,256	2,498,995
2020 March guaranteed senior notes	<b>1,713,250</b>	<b>1,089,249</b>	1,710,911	1,394,830
2020 September guaranteed senior notes	<b>2,330,311</b>	<b>1,355,778</b>	2,363,448	1,909,847
2021 January guaranteed senior notes	<b>3,956,447</b>	<b>2,120,050</b>	3,951,953	2,842,890
2021 July guaranteed senior notes	<b>3,942,777</b>	<b>1,886,650</b>	3,938,414	2,805,857





**Road King Infrastructure Limited**