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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

	2020	2019
Property sales (including joint venture and associate projects)	RMB44,047 million	RMB42,765 million
Property delivery (including joint venture and associate projects)	RMB32,794 million	RMB32,200 million
Toll revenue from expressway projects	RMB2,725 million	RMB3,162 million
Profit for the year	HK\$2,784 million	HK\$3,677 million
Total assets	HK\$103,281 million	HK\$90,788 million
Bank balances and cash	HK\$14,056 million	HK\$14,451 million
Equity attributable to owners of the Company	HK\$20,928 million	HK\$18,866 million
Net assets per share attributable to owners of the Company	HK\$27.93	HK\$25.18
Earnings per share	HK\$2.30	HK\$4.04
Dividend per share (interim and proposed final)	HK\$0.75	HK\$1.18

RESULTS

The Board of Directors (the “Board”) of Road King Infrastructure Limited (the “Company”) announces the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 and consolidated statement of financial position of the Group as at 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue	3	24,196,103	21,494,796
Cost of sales		(17,689,510)	(13,985,909)
Gross profit		6,506,593	7,508,887
Interest income		244,588	492,564
Other income		83,574	117,384
Other gains and losses	5	259,652	(114,934)
Selling expenses		(763,170)	(572,886)
Administrative expenses		(961,668)	(1,043,163)
Share of results of associates		70,040	122,326
Share of results of joint ventures	6	466,586	1,166,535
Finance costs	7	(1,172,693)	(916,766)
Profit before taxation	8	4,733,502	6,759,947
Income tax expenses	9	(1,949,906)	(3,083,321)
Profit for the year		2,783,596	3,676,626
Profit for the year attributable to:			
Owners of the Company		1,722,848	3,028,005
Owners of perpetual capital securities		527,775	371,395
Non-controlling interests of subsidiaries		532,973	277,226
		2,783,596	3,676,626
Earnings per share	11		
– Basic		HK\$2.30	HK\$4.04
– Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HK\$'000	HK\$'000
Profit for the year	2,783,596	3,676,626
Other comprehensive income (expense)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Fair value losses on hedging instruments designated in cash flow hedges	(53,111)	—
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<u>1,364,932</u>	<u>(767,495)</u>
Other comprehensive income (expense) for the year	<u>1,311,821</u>	<u>(767,495)</u>
Total comprehensive income for the year	<u><u>4,095,417</u></u>	<u><u>2,909,131</u></u>
Total comprehensive income for the year attributable to:		
Owners of the Company	2,871,079	2,342,725
Owners of perpetual capital securities	527,775	371,395
Non-controlling interests of subsidiaries	<u>696,563</u>	<u>195,011</u>
	<u><u>4,095,417</u></u>	<u><u>2,909,131</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	2020 HK\$'000	2019 HK\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		81,905	183,361
Right-of-use assets		105,585	162,712
Investment properties		4,046,258	3,813,082
Interests in associates		1,433,375	908,599
Interests in joint ventures		13,843,087	12,003,959
Deferred tax assets		214,939	133,505
Amounts due from joint ventures		9,869,288	7,216,954
Loan receivables		1,384,570	1,043,766
Financial assets at fair value through profit or loss ("FVTPL")		328,751	361,567
Long-term prepayments	12	—	36,867
		<u>31,307,758</u>	<u>25,864,372</u>
Current assets			
Inventory of properties		47,864,974	39,320,944
Prepayment for land leases		—	2,142,964
Amounts due from joint ventures		3,939,385	3,243,624
Amounts due from non-controlling interests of subsidiaries		1,672,435	—
Loan receivables		551,420	426,168
Debtors, deposits and prepayments	12	2,421,954	3,310,290
Prepaid income tax		1,352,193	1,170,993
Financial assets at FVTPL		—	136,086
Pledged bank deposits		114,799	721,760
Bank balances and cash		14,055,969	14,450,838
		<u>71,973,129</u>	<u>64,923,667</u>
Total assets		<u><u>103,280,887</u></u>	<u><u>90,788,039</u></u>

	2020	2019
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	74,934	74,934
Reserves	<u>20,852,911</u>	<u>18,791,115</u>
	20,927,845	18,866,049
Perpetual capital securities	6,952,437	6,961,919
Non-controlling interests of subsidiaries	<u>5,161,572</u>	<u>2,736,049</u>
Total equity	<u>33,041,854</u>	<u>28,564,017</u>
Non-current liabilities		
Bank and other borrowings	24,631,423	21,822,290
Deferred tax liabilities	1,172,600	1,058,752
Financial liabilities at FVTPL	17,409	—
Derivative financial instruments	53,111	—
Lease liabilities	<u>89,609</u>	<u>141,566</u>
	<u>25,964,152</u>	<u>23,022,608</u>
Current liabilities		
Creditors and accrued charges	13 10,685,326	10,400,432
Amounts due to joint ventures and associates	4,431,961	2,897,818
Amounts due to non-controlling interests of subsidiaries	1,424,335	2,763,049
Contract liabilities	7,819,246	8,481,912
Lease liabilities	26,357	27,087
Income tax payable	5,831,694	5,797,741
Bank and other borrowings	13,424,768	8,319,005
Financial liabilities at FVTPL	182,672	105,412
Other financial liabilities	<u>448,522</u>	<u>408,958</u>
	<u>44,274,881</u>	<u>39,201,414</u>
Total equity and liabilities	<u><u>103,280,887</u></u>	<u><u>90,788,039</u></u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(a) Disaggregation of the Group's revenue from contracts with customers

Segment	2020			2019		
	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services						
Property sales	23,147,870	131,278	23,279,148	20,057,229	300,007	20,357,236
Property management and service income	<u>765,475</u>	<u>10,919</u>	<u>776,394</u>	<u>784,905</u>	<u>35,916</u>	<u>820,821</u>
Total	<u>23,913,345</u>	<u>142,197</u>	<u>24,055,542</u>	<u>20,842,134</u>	<u>335,923</u>	<u>21,178,057</u>
Geographical market						
Hong Kong	1,875,260	–	1,875,260	–	–	–
Mainland China	<u>22,038,085</u>	<u>142,197</u>	<u>22,180,282</u>	<u>20,842,134</u>	<u>335,923</u>	<u>21,178,057</u>
Total	<u>23,913,345</u>	<u>142,197</u>	<u>24,055,542</u>	<u>20,842,134</u>	<u>335,923</u>	<u>21,178,057</u>
Timing of revenue recognition						
Goods recognised at a point in time	23,147,870	131,278	23,279,148	20,057,229	300,007	20,357,236
Services recognised over time	<u>765,475</u>	<u>10,919</u>	<u>776,394</u>	<u>784,905</u>	<u>35,916</u>	<u>820,821</u>
Total	<u>23,913,345</u>	<u>142,197</u>	<u>24,055,542</u>	<u>20,842,134</u>	<u>335,923</u>	<u>21,178,057</u>

- (b) Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Segment	2020			2019		
	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Revenue from contracts with customers (note 3(a))	<u>23,913,345</u>	<u>142,197</u>	<u>24,055,542</u>	<u>20,842,134</u>	<u>335,923</u>	<u>21,178,057</u>
Fund investment income	–	46,641	46,641	–	193,932	193,932
Gross rental and other income from commercial properties	<u>93,251</u>	<u>669</u>	<u>93,920</u>	<u>119,592</u>	<u>3,215</u>	<u>122,807</u>
Other revenue	<u>93,251</u>	<u>47,310</u>	<u>140,561</u>	<u>119,592</u>	<u>197,147</u>	<u>316,739</u>
Total revenue of the Group (note 4)	<u>24,006,596</u>	<u>189,507</u>	<u>24,196,103</u>	<u>20,961,726</u>	<u>533,070</u>	<u>21,494,796</u>

- (c) Total revenue of the Group

	2020 HK\$'000	2019 HK\$'000
Property sales and service income	24,055,542	21,178,057
Fund investment income	46,641	193,932
Gross rental and other income from commercial properties	<u>93,920</u>	<u>122,807</u>
Total revenue of the Group	<u>24,196,103</u>	<u>21,494,796</u>
Group's share of revenue of property joint ventures and associates	<u>6,284,503</u>	<u>8,116,672</u>
Group's share of toll revenue of infrastructure joint ventures	<u>1,302,544</u>	<u>1,556,856</u>
Revenue of the Group and Group's share of revenue of joint ventures and associates	<u>31,783,150</u>	<u>31,168,324</u>

4. SEGMENT INFORMATION

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

Property development and investment	–	development of properties for sale and for rental income and/or potential capital appreciation
Toll road	–	development, operation and management of toll roads
Investment and asset management	–	property development and investment, integrated with fund, cultural, tourist and commercial businesses (The entertainment and content development business in Mainland China was disposed during the year)

No other operating segments have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue, profit, assets, liabilities and other information by operating and reportable segments for the years under review:

	2020				2019			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000 (Restated)	Investment and asset management HK\$'000	Total HK\$'000 (Restated)
Segment revenue	<u>24,006,596</u>	<u>–</u>	<u>189,507</u>	<u>24,196,103</u>	<u>20,961,726</u>	<u>–</u>	<u>533,070</u>	<u>21,494,796</u>
Segment profit (loss)	<u>3,659,730</u>	<u>170,075</u>	<u>(974,741)</u>	<u>2,855,064</u>	<u>3,101,007</u>	<u>622,536</u>	<u>8,682</u>	<u>3,732,225</u>
Segment assets (including interests in joint ventures and associates)	<u>85,810,067</u>	<u>6,035,653</u>	<u>9,515,000</u>	<u>101,360,720</u>	<u>74,550,446</u>	<u>5,922,164</u>	<u>8,338,346</u>	<u>88,810,956</u>
Segment liabilities	<u>(65,638,092)</u>	<u>(318,436)</u>	<u>(1,999,178)</u>	<u>(67,955,706)</u>	<u>(56,494,074)</u>	<u>(479,818)</u>	<u>(3,455,149)</u>	<u>(60,429,041)</u>

(a) Measurement

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies.

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

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

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

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

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprise purchase of property, plant and equipment, right-of-use assets, investment properties and capital contributions to joint ventures and associates directly attributable to the segment.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
Total segment profit	2,855,064	3,732,225
Unallocated items:		
Interest income	10,544	38,862
Corporate income	75,591	–
Corporate expenses	(26,502)	(18,423)
Finance costs	(131,101)	(76,038)
Consolidated profit for the year	<u>2,783,596</u>	<u>3,676,626</u>
Total segment assets	101,360,720	88,810,956
Unallocated assets:		
Property, plant and equipment	4	10
Right-of-use assets	27,118	32,731
Deposits and prepayments	24,975	18,093
Financial assets at FVTPL	–	13,610
Bank balances and cash	1,868,070	1,912,639
Consolidated total assets	<u>103,280,887</u>	<u>90,788,039</u>
Total segment liabilities	(67,955,706)	(60,429,041)
Unallocated liabilities:		
Accrued charges	(5,628)	(6,800)
Bank and other borrowings	(2,239,948)	(1,754,805)
Financial liabilities at FVTPL	(9,467)	–
Lease liabilities	(28,284)	(33,376)
Consolidated total liabilities	<u>(70,239,033)</u>	<u>(62,224,022)</u>

(c) Other segment information

	2020					2019				
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000 (Restated)	Investment and asset management HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000 (Restated)
Amounts included in the measure of segment profit (loss):										
Interest income	192,262	21,870	19,912	10,544	244,588	424,564	21,270	7,868	38,862	492,564
Loss on disposal of a subsidiary	-	-	-	-	-	(285)	-	-	-	(285)
Gains on disposal of interests in joint ventures	-	-	-	-	-	10,323	1,966	-	-	12,289
Net gains (losses) on disposals/written off of property, plant and equipment	148	-	(94,511)	-	(94,363)	963	-	(33,971)	104	(32,904)
Impairment loss on other receivables	-	-	(12,943)	-	(12,943)	-	-	-	-	-
Impairment loss on loan receivables	-	-	(104,027)	-	(104,027)	-	-	(40,417)	-	(40,417)
Impairment loss on long-term prepayments	-	-	(36,913)	-	(36,913)	-	-	(33,975)	-	(33,975)
Fair value (losses) gains on transfer of completed properties held for sale to investment properties	(931)	-	(6,162)	-	(7,093)	17,352	-	40,982	-	58,334
Change in fair value of investment properties	(65,719)	-	(119,556)	-	(185,275)	42,247	-	(23,896)	-	18,351
Depreciation of property, plant and equipment	(16,061)	(642)	(5,393)	(6)	(22,102)	(18,698)	(446)	(4,571)	(9)	(23,724)
Depreciation of right-of-use assets	(18,131)	(5,677)	(5,157)	(6,986)	(35,951)	(16,668)	(5,646)	(9,424)	(950)	(32,688)
Finance costs	(658,219)	(781)	(382,592)	(131,101)	(1,172,693)	(697,214)	(1,054)	(142,460)	(76,038)	(916,766)
Income tax (expenses) credit	(1,954,196)	(18,052)	22,342	-	(1,949,906)	(3,039,238)	(30,783)	(13,300)	-	(3,083,321)
Share of results of associates	103,904	-	(33,864)	-	70,040	-	-	122,326	-	122,326
Share of results of joint ventures	287,329	273,951	(94,694)	-	466,586	308,937	716,318	141,280	-	1,166,535
Amounts included in the measure of segment assets:										
Right-of-use assets	66,836	10,917	714	27,118	105,585	76,444	17,018	36,519	32,731	162,712
Interests in associates	513,439	-	919,936	-	1,433,375	-	-	908,599	-	908,599
Interests in joint ventures	7,297,695	4,412,430	2,132,962	-	13,843,087	5,652,138	4,371,736	1,980,085	-	12,003,959
Financial assets at FVTPL	-	-	328,751	-	328,751	122,476	-	361,567	13,610	497,653
Additions to non-current assets during the year	1,849,819	112,165	36,350	-	1,998,334	844,235	1,249,225	198,141	-	2,291,601

(d) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes.

(e) Information about geographical areas

All of the Group's revenue is attributable to customers in Mainland China and Hong Kong and over 80% of the Group's total non-current assets (excluding deferred tax assets and financial instruments) are located in Mainland China and the remaining non-current assets are substantially located in Hong Kong and Indonesia.

(f) Information about major customers

In view of the nature of the toll road business, there are no major customers. For the property business and investment and asset management business, there was no customer who accounted for over 10% of the total revenue generated from the relevant operating and reportable segments.

5. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net exchange gains (losses)	979,067	(118,391)
Change in fair value of financial (liabilities) assets at FVTPL – relating to the foreign currency forward contracts	<u>(229,585)</u>	<u>142,109</u>
	749,482	23,718
Change in fair value of financial asset at FVTPL – relating to the investment in a listed/an unlisted entity	(49,216)	(120,045)
Loss on disposal of a subsidiary	–	(285)
Gains on disposal of interests in joint ventures	–	12,289
Net losses on disposals/written off of property, plant and equipment	(94,363)	(32,904)
Impairment loss on other receivables	(12,943)	–
Impairment loss on loan receivables	(104,027)	(40,417)
Impairment loss on long-term prepayments	(36,913)	(33,975)
Fair value (losses) gains on transfer of completed properties held for sale to investment properties	(7,093)	58,334
Change in fair value of investment properties	<u>(185,275)</u>	<u>18,351</u>
	<u><u>259,652</u></u>	<u><u>(114,934)</u></u>

6. SHARE OF RESULTS OF JOINT VENTURES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Share of profits of infrastructure joint ventures before amortisation and taxation	648,793	1,170,912
Less share of: Amortisation of toll road operation rights	(287,055)	(248,646)
Income tax expenses	<u>(87,787)</u>	<u>(205,948)</u>
	273,951	716,318
Share of profits of other joint ventures	<u>192,635</u>	<u>450,217</u>
	<u><u>466,586</u></u>	<u><u>1,166,535</u></u>

7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on borrowings	2,304,136	1,870,497
Interest on lease liabilities	7,343	7,723
Other interest and finance costs	<u>238,587</u>	<u>350,632</u>
	2,550,066	2,228,852
Less: Capitalised in properties under development for sale	<u>(1,377,373)</u>	<u>(1,312,086)</u>
	<u><u>1,172,693</u></u>	<u><u>916,766</u></u>

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 6.17% (2019: 6.36%) per annum to expenditure on qualifying assets.

8. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	22,322	24,342
Depreciation of right-of-use assets	<u>35,951</u>	<u>32,688</u>
	58,273	57,030
Less: Capitalised in properties under development for sale	<u>(220)</u>	<u>(618)</u>
	<u>58,053</u>	<u>56,412</u>
Expenses relating to short-term leases with lease terms ending within 12 months	9,458	10,826
Salaries and other benefits	1,039,084	1,005,529
Provident fund scheme contributions, net of forfeited contributions of HK\$303,000 (2019: HK\$330,000)	94,532	132,715
Less: Capitalised in properties under development for sale	<u>(153,771)</u>	<u>(200,561)</u>
Total staff costs (excluding Directors' emoluments)	<u>979,845</u>	<u>937,683</u>
Audit fee	4,980	4,710
Cost of inventory of properties recognised as an expense	17,232,473	13,552,090
and after crediting:		
Bank interest income	<u><u>119,200</u></u>	<u><u>108,306</u></u>

9. INCOME TAX EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong profits tax	64,198	–
PRC enterprise income tax (“EIT”)	1,182,533	1,508,327
PRC land appreciation tax (“LAT”)	663,176	1,378,252
PRC withholding tax	<u>40,232</u>	<u>30,892</u>
	1,950,139	2,917,471
Deferred tax	<u>(233)</u>	<u>165,850</u>
	<u>1,949,906</u>	<u>3,083,321</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from Hong Kong.

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

The provision for LAT is estimated according to the requirements set forth in the relevant 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. DIVIDENDS PAID

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
2019 final dividend paid of HK\$0.88 (2019: 2018 final dividend of HK\$0.88) per share	659,416	659,416
2020 interim dividend paid of HK\$0.20 (2019: 2019 interim dividend of HK\$0.30) per share	<u>149,867</u>	<u>224,801</u>
	<u>809,283</u>	<u>884,217</u>

Subsequent to the end of the reporting period, a final dividend in respect of 2020 of HK\$0.55 per share amounting to a total of approximately HK\$412 million has been proposed by the Board on 23 March 2021. The amount has not been included as a liability in the consolidated financial statements as it was not declared before the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 749,336,566 shares in issue as at 23 March 2021.

11. EARNINGS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Earnings for the purposes of basic earnings per share attributable to owners of the Company	<u>1,722,848</u>	<u>3,028,005</u>
	2020 Number of shares '000	2019 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>749,337</u>	<u>749,337</u>

No diluted earnings per share for the years of 2020 and 2019 were presented as there were no dilutive potential ordinary shares in issue for both years.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2020 HK\$'000	2019 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (<i>note</i>):		
Within 60 days	242,940	38,702
61 to 90 days	10,733	5,281
More than 90 days	<u>36,258</u>	<u>44,715</u>
Trade debtors from contracts with customers derived from goods and services	289,931	88,698
Prepayment for land development cost	584,112	555,556
Deposits paid for acquisition of inventory of properties	644,930	1,915,051
Prepayment of value added tax and other taxes	215,037	138,468
Prepayment for property, plant and equipment and investment properties	–	36,867
Other receivables, deposits and prepayments	<u>687,944</u>	<u>612,517</u>
Total gross carrying amounts of debtors, deposits and prepayments	2,421,954	3,347,157
Less: Amounts classified as non-current assets	<u>–</u>	<u>(36,867)</u>
Amounts classified as current assets	<u>2,421,954</u>	<u>3,310,290</u>

Note:

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 property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers.

In determining the recoverability of trade debtors, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because the customer base is large and unrelated. The Directors consider that no credit loss provision is required at the end of the reporting period for trade debtors.

13. CREDITORS AND ACCRUED CHARGES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	1,057,611	836,751
61 to 90 days	22,670	31,576
More than 90 days	<u>1,080,965</u>	<u>1,115,718</u>
	<u>2,161,246</u>	<u>1,984,045</u>
Bills payables		
Within 60 days	9,461	5,375
61 to 90 days	11,682	5,146
More than 90 days	<u>139</u>	<u>6,388</u>
	<u>21,282</u>	<u>16,909</u>
Accrued construction costs	<u>5,672,305</u>	<u>4,786,513</u>
	7,854,833	6,787,467
Accrued taxes (other than EIT and LAT)	796,862	718,887
Consideration payable for the acquisition of subsidiaries and joint ventures	238,087	969,825
Dividends payable to non-controlling interests of subsidiaries	152,570	225,000
Other payables	<u>1,642,974</u>	<u>1,699,253</u>
	<u><u>10,685,326</u></u>	<u><u>10,400,432</u></u>

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2020 amounted to HK\$59,006,006,000 (2019: HK\$51,586,625,000). The Group's net current assets at 31 December 2020 amounted to HK\$27,698,248,000 (2019: HK\$25,722,253,000).

DIVIDEND

The Board has resolved to recommend a final dividend of HK\$0.55 (2019: HK\$0.88) per share for the year ended 31 December 2020 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on Wednesday, 2 June 2021, subject to approval of the Shareholders at the forthcoming annual general meeting. It is expected that the payment of the final dividend will be made on or before Wednesday, 30 June 2021, if approved.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from Thursday, 20 May 2021 to Tuesday, 25 May 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 18 May 2021 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Tuesday, 1 June 2021 to Wednesday, 2 June 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Monday, 31 May 2021 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for 2020

For the year ended 31 December 2020, property sales and toll revenue from expressway projects of the Group (including joint venture and associate projects) were RMB44,047 million and RMB2,725 million respectively, totaling RMB46,772 million. The Group’s profit for the year was HK\$2,784 million, with earnings per share of HK\$2.30 and net assets per share of HK\$27.93.

Business Overview

The property market in Mainland China basically came to a standstill in the first quarter due to the impact of the COVID-19 pandemic (“pandemic”), but gradually picked up in the second quarter as the epidemic stabilised, with the market running steadily in the second half of the year. Although property sales were suspended for nearly two months during the year, the Group’s operation team kept abreast of the market trend and adhered to the operating principle of balancing sales volume and profitability, and made concerted efforts to boost sales, achieving property sales in Mainland China of RMB42,193 million in 2020, approximate to that in 2019.

The land market sentiment in Mainland China was weak in early 2020 and then enthusiastic in the later period, with the scale of land supply increasing significantly in the second half of the year compared to the first half of the year. The Group seized the opportunity to bid for 11 pieces of new land in the second half of the year, making a total of 15 pieces of new land with an aggregate floor area of 1,540,000 sqm for the whole year, mainly for quick-turnover projects to replenish its land reserves and support its development scale in the next two years. As at 31 December 2020, the Group had a land reserve of approximately 7,040,000 sqm.

The three existing projects in Hong Kong are operating normally and construction is progressing as planned. Crescent Green in Yuen Long obtained the certificate of compliance in October 2020 and commenced handover in November. Property sales of the Crescent Green was affected by the recurring epidemic during the year, with sales of HK\$2,165 million in 2020 and cumulative sales of HK\$2,755 million. The sales office of the Southland in Wong Chuk Hang has been renovated and the pre-sale of project is expected to be launched in the first half of 2021. The raft foundation works for the So Kwun Wat project in Tuen Mun have been completed and the basement and superstructure works have commenced.

In early 2020, due to the extension for another 9 days of the toll-free period during the Chinese New Year holidays in Mainland China as a result of the outbreak of the pandemic and the implementation of toll-free policy for 79 consecutive days from 17 February to 5 May, the toll revenue of the Group’s expressway projects was significantly affected in the first half of the year. Toll revenue from the expressway projects in Mainland China for the year of 2020 was RMB2,320 million, a decrease of 27% compared to 2019, but the average daily traffic volume recorded 260,800 vehicles, the same as that of 2019. After the resumption of toll fee collection from 6 May, the toll revenue has gradually restored to normal and amounted to RMB1,649 million in the second half of the year, an increase of 5% over the same period in 2019. Toll revenue from the newly acquired expressways in Indonesia also dropped during the year due to the impact of the pandemic, with toll revenue of RMB405 million for the year. The Group expects the toll revenue to grow steadily as the pandemic is gradually brought under control and economic activities recover, and the expressway business will continue to provide stable cash flow.

Business Segments Analysis:

i) *Property Segment*

In 2020, the central government of Mainland China reaffirmed its policy of “house is for living, not for speculating” and maintained tightened financial regulations on the real estate industry. Upholding the strategy of “city-specific policies” and sticking to the policies of restrictions on home purchase, pricing and mortgage, most of the local governments, in a more flexible manner, rolled out policies in managing the supply and demand sides to regulate the real estate market, so as to maintain the stable operation of the real estate market. The real estate sales market in Mainland China basically stagnated due to the outbreak of the pandemic at the beginning of the year, and then gradually improved in the second quarter following the effective containment of the pandemic. The market was basically stable in the second half of the year, albeit notable difference in market performance of various cities. Although property sales were suspended for nearly two months during the year, by closely following the market trend and adhering to the operating principle of ensuring a balance between sales volume and profitability, the operation team of the Group concerted their efforts and drove property sales in Mainland China and Hong Kong of the property segment (including joint venture and associate projects) in 2020 to a record high of RMB42,712 million, comprising the contracted sales of RMB39,944 million and outstanding subscribed sales of RMB2,768 million.

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

Regions (Notes)	Sales		Delivery	
	Amount <i>RMB'million</i>	Area <i>sqm</i>	Amount <i>RMB'million</i>	Area <i>sqm</i>
Yangtze River Delta Region	32,754	1,530,000	22,194	1,348,000
Bohai Rim Region	5,597	316,000	6,476	374,000
Guangdong-Hong Kong-Macao Bay Area	4,097	108,000	3,113	96,000
Other Regions	264	26,000	761	95,000
Total (2020)	<u>42,712</u>	<u>1,980,000</u>	<u>32,544</u>	<u>1,913,000</u>
Total (2019)	<u>39,962</u>	<u>2,113,000</u>	<u>30,594</u>	<u>1,874,000</u>

Notes:

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

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

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

Other Regions comprise Henan Province.

In 2020, property sales from the property segment increased by approximately 7% as compared with 2019. The average selling price increased to approximately RMB21,600 per sqm, representing an increase of approximately 14% as compared with 2019. The sales mainly concentrated in Yangtze River Delta Region, representing about 77% of the total property sales. As at 31 December 2020, the total area of properties pre-sold but yet to be delivered was about 1,610,000 sqm.

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

	2020 <i>HK\$'million</i>	2019 <i>HK\$'million</i>
Revenue	24,007	20,962
Gross profit	6,485	7,241
Selling and operating expenses	(1,485)	(1,275)
Profit for the year	3,660	3,101

In 2020, revenue of the Group's property segment was mainly contributed by the delivery of properties in Yangtze River Delta Region, which represented about 68% of the total revenue. The average selling price per sqm was approximately RMB17,000, representing an increase of approximately 4% as compared with 2019. Gross profit margin was 27%. Profit of the property segment amounted to HK\$3,660 million, representing an increase of approximately 18% as compared with 2019.

The Group's property segment acquired 15 pieces of land for residential purpose, through listing-for-sale and co-development with competent enterprises in 2020, with an aggregate floor area of about 1,540,000 sqm. Among which, 10 pieces of new land are jointly developed with competent enterprises, enabling the Group to invest in more scalable projects, share higher returns and diversify the Group's financial commitment.

In February 2021, the Group further acquired a land parcel in Wuzhong District, Suzhou for residential development through co-development. The site area and the floor area of the project are 50,000 sqm and 97,000 sqm, respectively. The Group is aware of the announcement of a new policy of "Two Concentration Policy" in late February 2021 in respect of centralising the land supply in 22 key cities in Mainland China. However, the impact to the Group is uncertain until more information is released from local governments. The Group will optimise the land reserve portfolio in the Mainland China and Hong Kong in a cautious manner and seek for more development opportunities with business partners in the future.

ii) Toll Road Segment

In 2020, the Group received a cash distribution of HK\$465 million from its expressway joint ventures, the Group's share of toll revenue from expressway projects amounted to RMB1,164 million, and the share of operating profit (net of income tax and withholding tax) of the joint ventures amounted to HK\$256 million. The decrease in profit compared to 2019 was mainly due to the implementation of toll-free policy by the PRC government from 17 February to 5 May 2020 on all toll roads in Mainland China, to prevent and control the pandemic, and the social restriction measures imposed by the Indonesian government during the pandemic, which resulted in the decrease in toll revenue.

In 2020, the total traffic volume of the Group's expressway projects in Mainland China reached 104 million vehicles, with an average daily traffic volume of 285,300 vehicles, representing an increase of 10% as compared with last year; the toll revenue declined in the first half of the year due to the implementation of the toll-free policy, however it gradually recovered to the level of last period and recorded a growth for the second half of the year, and the toll revenue of the year reached RMB2,725 million.

The Group's average daily traffic volume and toll revenue of the expressway projects are as follows:

Projects	Average Daily Traffic Vehicles	Increase/ (Decrease) %	Toll Revenue RMB'million	Decrease %
Expressway projects in Mainland China				
Baojin Expressway	77,000	1	730	(20)
Tangjin Expressway	56,300	(2)	512	(33)
Changyi Expressway	72,000	(3)	450	(37)
Longcheng Expressway	22,900	(2)	399	(20)
Machao Expressway	<u>32,600</u>	13	<u>229</u>	(17)
Total	<u>260,800</u>	–	<u>2,320</u>	(27)
Expressway projects in Indonesia (Note)				
SN Expressway	12,600	N/A	213	N/A
NKK Expressway	<u>11,900</u>	N/A	<u>192</u>	N/A
Total	<u>24,500</u>	N/A	<u>405</u>	N/A
Total (2020)	<u>285,300</u>	10	<u>2,725</u>	(14)
Total (2019)	<u>260,000</u>		<u>3,162</u>	

Note: As the acquisition of SN Expressway and NKK Expressway in Indonesia was completed on 18 December 2019 and their contributions and operating data had no significant impact on the Group's performance during the year ended 31 December 2019, they are not included in the above analysis report. For the year of 2019 (including the period prior to the Group's acquisition), the average daily traffic volume of SN Expressway and NKK Expressway were approximately 15,600 vehicles and 14,600 vehicles respectively; their toll revenue were RMB273 million and RMB247 million respectively.

In 2020, the Group took over two expressways, SN Expressway and NKK Expressway in Indonesia and began to accumulate experience in overseas operations. On 5 March 2021, the Group further entered into conditional sales and purchase agreements to acquire 45% equity interest in an expressway in Sumatra, Indonesia at the consideration of IDR1,236 billion (equivalent to approximately HK\$680 million), thereby expanding its portfolio of expressway projects in Indonesia. PT Jasamarga Kualanamu Tol (the "Target Company") holds the concession rights of the Medan-Kualanamu-Tebing Tinggi toll road, which is part of the Trans Sumatra toll expressway network and has a total length of 61.7 km. The toll road has been completed and started in operation progressively since October 2017. Following the completion of the acquisition, the Group will share 45% equity interest in the Target Company.

In 2021, the Group will continue identifying expressway projects with ideal returns in Mainland China and the countries along the Belt and Road to further expand the Group's toll road business.

iii) *Investment and Asset Management Segment ("IAM Segment")*

The outbreak of the pandemic undermined the performance of the investment and asset management businesses during 2020. In 2020, the projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB1,335 million, and the segment recorded a loss of HK\$975 million.

The pandemic has imposed, to varying degrees, impacts on the investment mode, consumption habit, travel pattern and working style in the long run. During the year, the Group conducted an in-depth review of its investment and asset management business model and made corresponding changes, including taking over the cultural, tourist and commercial businesses and property development business of IAM Segment by our existing property segment from 2021 onwards, in order to centralise its management and to restructure the businesses that were most affected by the pandemic.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2020, the equity attributable to owners of the Company was HK\$20,928 million (2019: HK\$18,866 million). Net assets per share attributable to owners of the Company was HK\$27.93 (2019: HK\$25.18).

As at 31 December 2020, the Group's total assets were HK\$103,281 million (2019: HK\$90,788 million) and bank balances and cash were HK\$14,056 million (2019: HK\$14,451 million), of which about 84% was denominated in Renminbi and the remaining 16% 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. Going forward, the Group will continue to maintain healthy treasury strategy and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

The Group's bank and other borrowings mainly comprised offshore guaranteed senior notes, syndicated loans, domestic bonds and project development loans. During the year, the Group drew down various loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK\$18,515 million. The drawdown of new loans was offset by refinancing or repayment of certain bank loans. As at 31 December 2020, the Group's total bank and other borrowings were HK\$38,056 million (2019: HK\$30,141 million).

By the end of 2020, certain of the Group's loans were on a fixed rate basis, which included US\$2,312 million of guaranteed senior notes (annual rate ranging from 4.7% to 7.875%) and RMB1,500 million of 7% domestic bonds, of which US\$300 million 5.9% guaranteed senior notes and US\$416 million 6% guaranteed senior notes were issued in March and September 2020, respectively.

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

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

As at 31 December 2020, the net gearing ratio and the net capitalisation ratio of the Group were 72% and 42% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

In January 2021, the Group issued US\$500 million 5.2% guaranteed senior notes to support the Group's business development and to refinance the existing debts including the outstanding balance of US\$215.6 million of the US\$400 million 7.75% guaranteed senior notes redeemed in February 2021.

Charges on Assets

As at 31 December 2020, bank balances of HK\$115 million (2019: HK\$722 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and bank credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK\$12,279 million (2019: HK\$8,548 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. In 2020, the Group recorded net exchange gains of approximately HK\$749 million. To minimise the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group has entered into capped forward swap contracts and range forward swap contracts for parts of offshore US dollar debts. The Group will pay close attention to the impact of changes in Sino-US trade relations on exchange rate fluctuations, and will expand foreign currency forward contracts to hedge the foreign exchange risks, when appropriate.

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

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

Contingent Liabilities

As at 31 December 2020, the Group had provided guarantees of HK\$8,880 million (2019: HK\$7,977 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK\$3,181 million (2019: HK\$3,002 million) for banking facilities granted to the joint ventures of the Group as at 31 December 2020.

The Group entered into the undertaking agreement with an independent third party in 2017. Pursuant to which, the Group undertakes for a prompt settlement of 50% of outstanding debts incurred by the property development joint venture, in which the Group held 50% equity interest. As at 31 December 2020, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK\$2,778 million (2019: HK\$2,729 million).

Employees

Excluding the staff of joint ventures and associates, the Group had 4,826 employees as at 31 December 2020. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the year under review amounted to HK\$1,134 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 year, no share option was granted.

WORK PLAN

Looking ahead to 2021, it is expected that the central government of Mainland China will reaffirm its policy of “house is for living, not for speculating”, strictly abide by austerity measures such as “city-specific policies” and restriction on prices, and accelerate the implementation of a long-term regulatory mechanism. With the tightening of relevant financial regulations, the capital market will remain tight and the market downside risk will be considered. The pace of the Group’s land acquisition will continue to be cautious. With the pandemic not yet under full control, there are uncertainties in the international environment, which will have certain impacts on Mainland China’s economy in the short term, but real estate industry, as a pillar industry in Mainland China, still has an important role in supporting economic growth. The Group stays cautiously optimistic in regards to the outlook of property business development.

Through years of development, the Group’s property business has a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In 2021, the Group will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume, as well as striving to maintain the sales volume and the profit target. To establish the Group as a more widely recognised developer, it will continue to research and develop market-oriented products and promote the brand name of the Group.

In late 2019, the Group expanded its expressway business in Indonesia and began to accumulate overseas operating experience. In March 2021, the Group has further entered into conditional sales and purchase agreements to acquire an expressway in Sumatra, Indonesia. In the future, the Group will continue to look for suitable new toll road projects in the Mainland China and the countries along the Belt and Road to further strengthen its toll road business.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, the Company (i) repurchased an aggregate principal amount of US\$15 million of US\$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited (the “2021 Notes”), subsequent to which the outstanding principal amount of 2021 Notes was US\$385 million; and (ii) settled the exchange and tender offer in relation to the 2021 Notes (details of which are set out in the announcement of the Company dated 7 September 2020), subsequent to which the outstanding principal amount of 2021 Notes was US\$215.6 million.

Subsequent to the reporting year, the Company further redeemed all outstanding 2021 Notes in the principal amount of US\$215.6 million. Following the redemption, the 2021 Notes were cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group’s listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

The Company has complied with all the 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 (the “Stock Exchange”) throughout the year ended 31 December 2020.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company and audited by the Company’s external auditor.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Jade and Lotus Rooms, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 25 May 2021 at 10:00 a.m. and the notice of annual general meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.roadking.com.hk) and the Stock Exchange (www.hkexnews.hk). The Annual Report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express hearty gratitude to all Shareholders, business partners, and loyal and dedicated staff.

By Order of the Board
Road King Infrastructure Limited
Zen Wei Peu, Derek
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the Board comprises Messrs. Zen Wei Peu, Derek, Ko Yuk Bing and Fong Shiu Leung, Keter as Executive Directors, Messrs. Mou Yong and Dong Fang as Non-executive Directors and Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho as Independent Non-executive Directors.