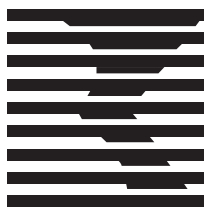


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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

| HIGHLIGHTS | 2022 | 2021 |
|---|---------------------------|---------------------|
| Property sales (including joint venture and associate projects) | RMB42,023 million | RMB52,484 million |
| Property delivery (including joint venture and associate projects) | RMB34,196 million | RMB43,657 million |
| Toll revenue from expressway projects | RMB3,716 million | RMB3,779 million |
| Profit for the year | HK\$459 million | HK\$1,984 million |
| (Loss) profit for the year attributable to owners of the Company | (HK\$495 million) | HK\$1,028 million |
| Total assets | HK\$90,002 million | HK\$108,236 million |
| Bank balances and cash | HK\$8,262 million | HK\$12,600 million |
| Equity attributable to owners of the Company | HK\$20,246 million | HK\$22,337 million |
| Net assets per share attributable to owners of the Company | HK\$27.02 | HK\$29.81 |

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 2022 and consolidated statement of financial position of the Group as at 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTES | 2022 HK\$'000 | 2021 HK\$'000 |
|--|-------|-----------------------|-------------------------|
| Revenue | 3 | 17,155,976 | 24,677,949 |
| Cost of sales | | <u>(14,211,696)</u> | <u>(19,278,910)</u> |
| Gross profit | | 2,944,280 | 5,399,039 |
| Interest income | | 395,726 | 307,695 |
| Other income | | 116,551 | 184,425 |
| Other gains and losses | 5 | (687,319) | 82,950 |
| Selling expenses | | (702,236) | (901,018) |
| Administrative expenses | | (924,782) | (950,298) |
| Share of results of associates | | 31,970 | 131,715 |
| Share of results of joint ventures | 6 | 1,067,257 | 1,093,035 |
| Finance costs | 7 | <u>(1,143,274)</u> | <u>(1,073,317)</u> |
| Profit before taxation | 8 | 1,098,173 | 4,274,226 |
| Income tax expenses | 9 | <u>(639,561)</u> | <u>(2,289,737)</u> |
| Profit for the year | | <u>458,612</u> | <u>1,984,489</u> |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | (495,378) | 1,028,245 |
| Owners of perpetual capital securities | | 536,907 | 527,775 |
| Other non-controlling interests of subsidiaries | | <u>417,083</u> | <u>428,469</u> |
| | | <u>458,612</u> | <u>1,984,489</u> |
| (Loss) earnings per share | 11 | | |
| – Basic | | <u>(HK\$0.66)</u> | <u>HK\$1.37</u> |
| – Diluted | | <u>N/A</u> | <u>N/A</u> |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Profit for the year | 458,612 | 1,984,489 |
| Other comprehensive (expense) income | | |
| <i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i> | | |
| Exchange differences arising on translation of foreign operations | 29,656 | (79,736) |
| Share of other comprehensive expense of joint ventures | (8,116) | – |
| Reclassified to profit or loss upon termination of hedging instruments | – | 53,111 |
| <i>Item that will not be subsequently reclassified to profit or loss:</i> | | |
| Exchange differences arising on translation to presentation currency | <u>(1,811,030)</u> | <u>1,006,425</u> |
| Other comprehensive (expense) income for the year | <u>(1,789,490)</u> | <u>979,800</u> |
| Total comprehensive (expense) income for the year | <u>(1,330,878)</u> | <u>2,964,289</u> |
| Total comprehensive (expense) income for the year attributable to: | | |
| Owners of the Company | (1,941,137) | 1,934,109 |
| Owners of perpetual capital securities | 536,907 | 527,775 |
| Other non-controlling interests of subsidiaries | <u>73,352</u> | <u>502,405</u> |
| | <u>(1,330,878)</u> | <u>2,964,289</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

| | <i>NOTE</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 53,049 | 93,253 |
| Right-of-use assets | | 41,273 | 82,685 |
| Investment properties | | 4,125,822 | 4,263,014 |
| Interests in associates | | 1,041,280 | 1,606,893 |
| Interests in joint ventures | | 18,612,840 | 19,320,801 |
| Deferred tax assets | | 227,359 | 196,304 |
| Amounts due from joint ventures and associates | | 6,084,012 | 11,628,741 |
| Amounts due from other non-controlling interests of subsidiaries | | 974,183 | 306,198 |
| Loan receivables | | 2,651,746 | 1,983,620 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 596,271 | 899,080 |
| | | 34,407,835 | 40,380,589 |
| Current assets | | | |
| Inventory of properties | | 38,631,097 | 44,667,671 |
| Prepayment for land leases | | – | 478,012 |
| Amounts due from joint ventures and associates | | 3,564,733 | 3,341,987 |
| Amounts due from other non-controlling interests of subsidiaries | | 909,132 | 2,122,295 |
| Loan receivables | | 68,158 | 558,008 |
| Debtors, deposits and prepayments | <i>12</i> | 2,657,112 | 2,398,928 |
| Prepaid income tax | | 1,382,848 | 1,575,271 |
| Pledged bank deposits | | 119,803 | 113,395 |
| Bank balances and cash | | 8,261,655 | 12,599,575 |
| | | 55,594,538 | 67,855,142 |
| Total assets | | 90,002,373 | 108,235,731 |

| | 2022 | 2021 |
|---|---------------------------------|----------------------------------|
| <i>NOTE</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 74,934 | 74,934 |
| Reserves | <u>20,171,480</u> | <u>22,262,484</u> |
| | 20,246,414 | 22,337,418 |
| Owners of perpetual capital securities | 6,961,258 | 6,954,296 |
| Other non-controlling interests of subsidiaries | 5,552,811 | <u>6,506,666</u> |
| Total equity | <u>32,760,483</u> | <u>35,798,380</u> |
| Non-current liabilities | | |
| Bank and other borrowings | 21,890,008 | 30,402,464 |
| Amount due to a joint venture | – | 386,081 |
| Deferred tax liabilities | 1,238,541 | 1,362,754 |
| Financial liabilities at FVTPL | 198,815 | 111,793 |
| Lease liabilities | <u>28,647</u> | <u>67,663</u> |
| | <u>23,356,011</u> | <u>32,330,755</u> |
| Current liabilities | | |
| Creditors and accrued charges | <i>13</i> 8,174,131 | 10,703,320 |
| Amounts due to joint ventures and associates | 4,919,384 | 5,010,168 |
| Amounts due to other non-controlling interests of subsidiaries | 1,505,136 | 1,938,642 |
| Contract liabilities | 3,980,427 | 8,406,644 |
| Lease liabilities | 15,031 | 24,417 |
| Income tax payable | 4,944,361 | 5,954,969 |
| Bank and other borrowings | 10,257,686 | 7,923,720 |
| Financial liabilities at FVTPL | <u>89,723</u> | <u>144,716</u> |
| | <u>33,885,879</u> | <u>40,106,596</u> |
| Total equity and liabilities | <u><u>90,002,373</u></u> | <u><u>108,235,731</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 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 following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

| | |
|------------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2022 |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 |

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on 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 ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| Amendment to HKFRS 16 | Lease Liability in a Sale and Leaseback ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

Except as described below, the directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

(a) Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The amendments also defer the effective date of the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 December 2022, the Group’s right to defer settlement for certain bank and other borrowings subject to compliance with certain financial and/or non-financial covenants within 12 months from the reporting date. As disclosed in consolidated financial statements, these bank and other borrowings were classified as non-current at 31 December 2022.

Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group’s other liabilities as at 31 December 2022.

(b) Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group’s annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK\$41,273,000 and HK\$43,678,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE

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

| Segment | 2022 | | | 2021 | | |
|--|---|---|-------------------|---|---|-------------------|
| | Property development and investment HK\$'000 | Investment and asset management HK\$'000 | Total HK\$'000 | Property development and investment HK\$'000 | Investment and asset management HK\$'000 | Total HK\$'000 |
| Types of goods or services | | | | | | |
| Property sales | 16,102,946 | 68,955 | 16,171,901 | 23,687,815 | 66,880 | 23,754,695 |
| Property management and service income | 819,305 | 8,344 | 827,649 | 733,604 | 10,210 | 743,814 |
| Total | 16,922,251 | 77,299 | 16,999,550 | 24,421,419 | 77,090 | 24,498,509 |
| Geographical market | | | | | | |
| Mainland China | 16,711,797 | 77,299 | 16,789,096 | 22,277,549 | 77,090 | 22,354,639 |
| Hong Kong | 210,454 | – | 210,454 | 2,143,870 | – | 2,143,870 |
| Total | 16,922,251 | 77,299 | 16,999,550 | 24,421,419 | 77,090 | 24,498,509 |
| Timing of revenue recognition | | | | | | |
| Goods recognised at a point in time | 16,102,946 | 68,955 | 16,171,901 | 23,687,815 | 66,880 | 23,754,695 |
| Services recognised over time | 819,305 | 8,344 | 827,649 | 733,604 | 10,210 | 743,814 |
| Total | 16,922,251 | 77,299 | 16,999,550 | 24,421,419 | 77,090 | 24,498,509 |

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

| Segment | 2022 | | | 2021 | | |
|--|---|---|-------------------|---|---|-------------------|
| | 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)) | 16,922,251 | 77,299 | 16,999,550 | 24,421,419 | 77,090 | 24,498,509 |
| Rental income from commercial properties and other revenue | 151,030 | 5,396 | 156,426 | 147,875 | 31,565 | 179,440 |
| Total revenue of the Group (note 4) | 17,073,281 | 82,695 | 17,155,976 | 24,569,294 | 108,655 | 24,677,949 |

(c) **Total revenue of the Group**

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------------------|--------------------------|
| Property sales and service income | 16,999,550 | 24,498,509 |
| Rental income from commercial properties and other revenue | <u>156,426</u> | <u>179,440</u> |
| Total revenue of the Group | <u>17,155,976</u> | <u>24,677,949</u> |
| Group's share of revenue of property joint ventures and associates | <u>10,210,076</u> | <u>12,230,990</u> |
| Group's share of toll revenue of infrastructure joint ventures | <u>1,891,614</u> | <u>1,922,471</u> |
| Revenue of the Group and Group's share of revenue of joint ventures and associates | <u>29,257,666</u> | <u>38,831,410</u> |

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 |

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:

| | 2022 | | | | 2021 | | | |
|---|--|------------------------------|--|--------------------------|--|------------------------------|--|--------------------------|
| | Property development and investment <i>HK\$'000</i> | Toll road <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> | Toll road <i>HK\$'000</i> | Investment and asset management <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Segment revenue | <u>17,073,281</u> | <u>–</u> | <u>82,695</u> | <u>17,155,976</u> | <u>24,569,294</u> | <u>–</u> | <u>108,655</u> | <u>24,677,949</u> |
| Segment profit (loss) | <u>1,261,966</u> | <u>627,221</u> | <u>(1,272,492)</u> | <u>616,695</u> | <u>2,279,396</u> | <u>579,376</u> | <u>(805,706)</u> | <u>2,053,066</u> |
| Segment assets (including interests in joint ventures and associates) | <u>71,467,414</u> | <u>7,781,771</u> | <u>9,995,603</u> | <u>89,244,788</u> | <u>90,026,698</u> | <u>6,547,594</u> | <u>10,613,053</u> | <u>107,187,345</u> |
| Segment liabilities | <u>(53,595,407)</u> | <u>(1,379,316)</u> | <u>(1,147,226)</u> | <u>(56,121,949)</u> | <u>(69,071,043)</u> | <u>(453,764)</u> | <u>(1,599,012)</u> | <u>(71,123,819)</u> |

(a) Measurement

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

Segment profit (loss) represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, net gains on disposals/written off of property, plant and equipment, impairment loss on loan receivables, fair value losses on transfer of property, plant and equipment and 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 (losses) gains, net gains on termination of hedging instruments, gains on buyback of senior notes, loss on disposal of interest in an associate, net losses on disposal of interests in joint ventures, 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, inventory of properties, prepayment for land leases, amounts due from joint ventures and associates, amounts due from other 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 other non-controlling interests of subsidiaries, contract liabilities, lease liabilities, income tax payable, bank and other borrowings, financial liabilities at FVTPL 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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Total segment profit | 616,695 | 2,053,066 |
| Unallocated items: | | |
| Interest income | 3,383 | 1,658 |
| Corporate income | 1,123 | 21,418 |
| Corporate expenses | (87,264) | (15,593) |
| Finance costs | (75,325) | (76,060) |
| | <hr/> | <hr/> |
| Consolidated profit for the year | 458,612 | 1,984,489 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total segment assets | 89,244,788 | 107,187,345 |
| Unallocated assets: | | |
| Right-of-use assets | 15,062 | 21,507 |
| Deposits and prepayments | 81,699 | 57,138 |
| Bank balances and cash | 660,824 | 969,741 |
| | <hr/> | <hr/> |
| Consolidated total assets | 90,002,373 | 108,235,731 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total segment liabilities | (56,121,949) | (71,123,819) |
| Unallocated liabilities: | | |
| Accrued charges | (13,549) | (11,023) |
| Bank and other borrowings | (1,090,970) | (1,277,521) |
| Financial liabilities at FVTPL | – | (2,043) |
| Lease liabilities | (15,422) | (22,945) |
| | <hr/> | <hr/> |
| Consolidated total liabilities | (57,241,890) | (72,437,351) |
| | <hr/> <hr/> | <hr/> <hr/> |

(c) **Other segment information**

| | 2022 | | | | | 2021 | | | | |
|--|---|-----------------------|---|-------------------------|--------------------------------|---|-----------------------|---|-------------------------|--------------------------------|
| | 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 | Investment and asset management HK\$'000 | Unallocated HK\$'000 | Consolidated total HK\$'000 |
| Amounts included in the measure of segment profit (loss): | | | | | | | | | | |
| Interest income | 368,179 | 18,491 | 5,673 | 3,383 | 395,726 | 281,635 | 24,402 | - | 1,658 | 307,695 |
| Loss on disposal of interest in an associate | (25,114) | - | - | - | (25,114) | - | - | - | - | - |
| Net losses on disposal of interests in joint ventures | (20,905) | - | - | - | (20,905) | - | - | - | - | - |
| Net gains on disposals/written off of property, plant and equipment | 665 | 68 | 591 | - | 1,324 | 586 | - | 1 | - | 587 |
| Impairment loss on loan receivables | - | - | (302,257) | - | (302,257) | - | - | (136,256) | - | (136,256) |
| Fair value losses on transfer of property, plant and equipment to investment properties | (3,898) | - | - | - | (3,898) | - | - | - | - | - |
| Fair value losses on transfer of completed properties held for sale to investment properties | - | - | (8,917) | - | (8,917) | 858 | - | (1,295) | - | (437) |
| Change in fair value of investment properties | (59,859) | - | (59,396) | - | (119,255) | 43,543 | - | (86,309) | - | (42,766) |
| Depreciation of property, plant and equipment | (15,388) | (751) | (1,443) | - | (17,582) | (18,884) | (798) | (1,854) | (3) | (21,539) |
| Depreciation of right-of-use assets | (10,152) | (3,171) | (145) | (4,632) | (18,100) | (15,380) | (5,876) | (580) | (6,353) | (28,189) |
| Finance costs | (431,403) | (12,341) | (624,205) | (75,325) | (1,143,274) | (375,211) | (496) | (621,550) | (76,060) | (1,073,317) |
| Income tax (expenses) credit | (626,662) | (30,238) | 17,339 | - | (639,561) | (2,276,706) | (30,206) | 17,175 | - | (2,289,737) |
| Share of results of associates | 3,200 | - | 28,770 | - | 31,970 | 8,675 | - | 123,040 | - | 131,715 |
| Share of results of joint ventures | 398,411 | 683,659 | (14,813) | - | 1,067,257 | 322,291 | 776,388 | (5,644) | - | 1,093,035 |
| Amounts included in the measure of segment assets: | | | | | | | | | | |
| Right-of-use assets | 25,463 | 748 | - | 15,062 | 41,273 | 55,620 | 5,411 | 147 | 21,507 | 82,685 |
| Interests in associates | - | - | 1,041,280 | - | 1,041,280 | 538,344 | - | 1,068,549 | - | 1,606,893 |
| Interests in joint ventures | 9,500,207 | 7,086,056 | 2,026,577 | - | 18,612,840 | 11,818,961 | 5,220,704 | 2,281,136 | - | 19,320,801 |
| Financial assets at FVTPL | - | - | 596,271 | - | 596,271 | - | - | 899,080 | - | 899,080 |
| Additions to non-current assets during the year | 946,205 | 1,996,779 | 63,958 | - | 3,006,942 | 4,650,698 | 657,003 | 48,459 | - | 5,356,160 |

(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 75% 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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Net exchange (losses) gains | (1,335,442) | 538,534 |
| Change in fair value of financial liabilities at FVTPL | | |
| – relating to foreign currency forward contracts | <u>20</u> | <u>(130,316)</u> |
| | (1,335,422) | 408,218 |
| Change in fair value of financial assets at FVTPL | | |
| – relating to investment in a listed entity | (5,344) | (41,468) |
| – relating to investment in an unlisted entity | (261,283) | – |
| Change in fair value of financial liabilities at FVTPL | | |
| – relating to participation rights | 16,156 | – |
| – relating to contingent consideration | 10,608 | (110,371) |
| Net gains on termination of hedging instruments | – | 5,443 |
| Gains on buyback of senior notes | 1,366,988 | – |
| Net gains on disposals/written off of property, plant and equipment | 1,324 | 587 |
| Loss on disposal of interest in an associate | (25,114) | – |
| Net losses on disposal of interests in joint ventures | (20,905) | – |
| Impairment loss on loan receivables | (302,257) | (136,256) |
| Fair value losses on transfer of property, plant and equipment to investment properties | (3,898) | – |
| Fair value losses on transfer of completed properties to investment properties held for sale to investment properties | (8,917) | (437) |
| Change in fair value of investment properties | <u>(119,255)</u> | <u>(42,766)</u> |
| | <u>(687,319)</u> | <u>82,950</u> |

6. SHARE OF RESULTS OF JOINT VENTURES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Share of profits of infrastructure joint ventures before amortisation and taxation | 1,277,594 | 1,329,652 |
| Less share of: Amortisation of toll road operation rights | (325,127) | (308,647) |
| Income tax expenses | <u>(268,808)</u> | <u>(244,617)</u> |
| | 683,659 | 776,388 |
| Share of profits of other joint ventures | <u>383,598</u> | <u>316,647</u> |
| | <u>1,067,257</u> | <u>1,093,035</u> |

7. FINANCE COSTS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest on borrowings | 2,135,734 | 2,337,550 |
| Interest on lease liabilities | 2,631 | 5,469 |
| Other interest and finance costs | <u>143,055</u> | <u>184,491</u> |
| | 2,281,420 | 2,527,510 |
| Less: Capitalised in properties under development for sale | <u>(1,138,146)</u> | <u>(1,454,193)</u> |
| | <u><u>1,143,274</u></u> | <u><u>1,073,317</u></u> |

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 5.94% (2021: 5.57%) per annum to expenditure on qualifying assets.

8. PROFIT BEFORE TAXATION

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit before taxation has been arrived at after charging: | | |
| Depreciation of property, plant and equipment | 17,873 | 21,906 |
| Depreciation of right-of-use assets | <u>18,100</u> | <u>28,189</u> |
| | 35,973 | 50,095 |
| Less: Capitalised in properties under development for sale | <u>(291)</u> | <u>(367)</u> |
| | <u>35,682</u> | <u>49,728</u> |
| Expenses relating to short-term leases with lease terms ending within 12 months | 6,870 | 8,942 |
| Salaries and other benefits | 909,125 | 1,126,930 |
| Provident fund scheme contributions, net of forfeited contributions of HK\$164,000 (2021: HK\$430,000) | 190,363 | 170,481 |
| Less: Capitalised in properties under development for sale | <u>(80,800)</u> | <u>(168,208)</u> |
| Total staff costs (excluding Directors' emoluments) | <u>1,018,688</u> | <u>1,129,203</u> |
| Audit fee | 5,290 | 5,310 |
| Cost of inventory of properties recognised as an expense | 13,482,691 | 18,485,588 |
| and after crediting: | | |
| Bank interest income | <u><u>93,972</u></u> | <u><u>147,172</u></u> |

9. INCOME TAX EXPENSES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Current tax: | | |
| Hong Kong profits tax | 772 | 76,697 |
| PRC enterprise income tax (“EIT”) | 498,047 | 890,592 |
| PRC land appreciation tax (“LAT”) | 49,420 | 1,078,983 |
| PRC withholding tax | 189,637 | 65,270 |
| | <u>737,876</u> | <u>2,111,542</u> |
| Deferred tax | <u>(98,315)</u> | <u>178,195</u> |
| | <u>639,561</u> | <u>2,289,737</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%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 2021 final dividend paid of HK\$0.20 (2021: 2020 final dividend of HK\$0.55) per share | 149,867 | 412,135 |
| No 2022 interim dividend paid (2021: 2021 interim dividend of HK\$0.15) per share | – | 112,401 |
| | <u>149,867</u> | <u>524,536</u> |

The board has resolved not to declare the payment of any final dividend in respect of 2022.

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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------------------|-------------------------------------|
| (Loss) earnings for the purposes of basic (loss) earnings per share attributable to owners of the Company | <u>(495,378)</u> | <u>1,028,245</u> |
| | 2022 Number of shares '000 | 2021 Number of shares '000 |
| Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share | <u>749,337</u> | <u>749,337</u> |

No diluted (loss) earnings per share for the years of 2022 and 2021 were presented as there were no dilutive potential ordinary shares in issue for both years.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Aged analysis of trade debtors, presented based on invoice dates (<i>note</i>): | | |
| Within 60 days | 121,986 | 197,835 |
| 61 to 90 days | 675 | 2,175 |
| More than 90 days | <u>32,136</u> | <u>39,954</u> |
| Trade debtors from contracts with customers derived from goods and services | 154,797 | 239,964 |
| Prepayment for land development cost | 571,429 | 602,410 |
| Deposits paid for acquisition of inventory of properties | 584,917 | 616,629 |
| Prepayment of value added tax and other taxes | 540,844 | 344,893 |
| Consideration receivable | 25,714 | – |
| Other receivables, deposits and prepayments | <u>779,411</u> | <u>595,032</u> |
| | <u>2,657,112</u> | <u>2,398,928</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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Aged analysis of creditors presented based on invoice date: | | |
| Trade payables | | |
| Within 60 days | 747,042 | 845,617 |
| 61 to 90 days | 140,176 | 47,661 |
| More than 90 days | <u>1,043,669</u> | <u>1,570,151</u> |
| | <u>1,930,887</u> | <u>2,463,429</u> |
| | | |
| Bills payables | | |
| Within 60 days | 19,525 | 38,730 |
| 61 to 90 days | – | 15,720 |
| More than 90 days | <u>16,614</u> | <u>44,568</u> |
| | <u>36,139</u> | <u>99,018</u> |
| | | |
| Accrued construction costs | <u>3,802,230</u> | <u>5,241,400</u> |
| | <u>5,769,256</u> | <u>7,803,847</u> |
| | | |
| Accrued taxes (other than EIT and LAT) | 208,853 | 670,313 |
| Consideration payable for the acquisition of joint ventures | 238,133 | 489,046 |
| Dividends payable to other non-controlling interests of subsidiaries | 274,617 | – |
| Construction related deposits | 411,086 | 367,264 |
| Other payables | <u>1,272,186</u> | <u>1,372,850</u> |
| | <u>8,174,131</u> | <u>10,703,320</u> |

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2022 amounted to HK\$56,116,494,000 (2021: HK\$68,129,135,000). The Group's net current assets at 31 December 2022 amounted to HK\$21,708,659,000 (2021: HK\$27,748,546,000).

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for 2022

For the year ended 31 December 2022, property sales and toll revenue of the expressway projects of the Group (including joint venture and associate projects) were RMB42,023 million and RMB3,716 million respectively, totaling RMB45,739 million.

In 2022, the Renminbi depreciated significantly against the US dollar and the Group therefore recorded net exchange loss of HK\$1,335 million, which had a significant impact on the results for the year. The Group's profit after tax for the year was HK\$459 million and loss attributable to shareholders was HK\$495 million. The Group's bank balances and cash were HK\$8,262 million and net assets per share was HK\$27.02.

Business Overview

In 2022, confidence crisis was emerged in the real estate market of Mainland China following the ongoing collapse of certain vulnerable enterprises in the sector. Coupled with the repeated COVID-19 pandemic, the downward trend of the market intensified. A number of real estate enterprises were faced with unprecedented crisis due to the plunge in sales volume and financing amount. In order to survive, enterprises were forced to adopt a throat-cutting strategy to boost the sales volume and recover cash. Recovery was hindered due to suspension of loan supply and hence standstill in construction work across multiple regions in the middle of the year, which further dampened confidence of home buyers. As a pillar industry in Mainland China, stability of the real estate sector plays a significant role in the social and economic development. To respond, central government and the authorities were on the move to send out positive signals by introducing series of reliefs that aimed to "guarantee property delivery, people's living and stability". The central government also implemented flexible policies based on the city's circumstances. Policies relating to restrictions on home purchase and credit policy have been further relaxed from the second half of the years, so financing environment for real estate enterprises had been eased. However, property buyers' confidence in the economy and the property market were yet to recover in the short term, and wait-and-see sentiment remained strong.

Despite the complex and volatile market environment, the Group's operation team made concerted efforts, kept abreast of the market trend and seized the window, achieving total property sales (including joint venture and associate projects) of RMB41,710 million in Mainland China in 2022. The property sales comprised contracted sales of RMB40,254 million and outstanding subscribed sales of RMB1,456 million, representing an increase of approximately 5% as compared to 2021. The Yangtze River Delta Region and Bohai Rim Region are the major sales regions with an average selling price of RMB24,000 per sqm.

In 2022, a series of lands were put to market in Mainland China as part of its centralized land supply strategy. However, dragged by a downturn in the real estate market and the tight liquidity of enterprises, the land market continued to be sluggish. Real estate enterprises remained cautious in land acquisition, and the transaction volume shrank. State-owned enterprises were the major participants in land acquisition. To reserve cash for loan repayment purposes in 2023, the Group had been less active in large-scale land auctions during the year. The Group essentially acquired only two parcels of residential land in Mainland China throughout the year with a total gross floor area of approximately 140,000 sqm, in which the Group accounts for 11.25% and 49% equity interest, respectively. As of 31 December 2022, the Group had a total land reserve of approximately 4,690,000 sqm, of which 1,160,000 sqm were pre-sold but yet to be delivered.

The Hong Kong projects are operating smoothly. In 2021, property sales in Hong Kong surged to HK\$15,568 million as a result of overwhelming responses to the Southland in Wong Chuk Hang. In 2022, the Group recorded a property sales of approximately HK\$358 million in Hong Kong, a significant decrease as compared to the previous year, due to the lack of new projects for pre-sale and also the pandemic. Southland obtained handover consent in December 2022 and delivered the sold units gradually. Crescent Green in Yuen Long continued to sell its remaining stocks. Construction work of the superstructure of So Kwun Wat Project in Tuen Mun was underway. Owing to the pandemic and the delay in the obtaining of governmental approval, the project is expected to obtain pre-sale consent and launch sales in the mid-2023.

In 2022, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) amounted to approximately RMB34,196 million, with a total delivered area of approximately 1,670,000 sqm, achieving a delivery rate of 100% as agreed in the sales contracts, where the Yangtze River Delta Region (which accounted for approximately 62% of the total delivery) was among the major contributor. The Group's gross profit margin for the year was approximately 17%.

In 2022, economic growth in Mainland China was slow. In the first half of the year, travel restrictions both on vehicles and individuals due to regional poor weather and the adoption of stasis control measures to cope with the pandemic across various regions, and the government's policy to reduce toll for cargo vehicles by 10% in the fourth quarter, all had a negative impact on the expressway business in Mainland China. Toll revenue in 2022 decreased by 12% to RMB2,782 million compared to the previous year, while average daily traffic volume decreased by 17% to 227,300 vehicles compared to the previous year.

Indonesian expressway business was another story. The Group had completed the acquisition of 39.77% equity interest in the Semarang-Batang expressway ("SB Expressway") in Central Java Province, Indonesia at a consideration of IDR3,823.4 billion (approximately HK\$1,968 million) in December 2022, further expanding its overseas toll road portfolio. In 2022, due to the further relaxation of traffic control measures by the Indonesian government in response to the retreat of the pandemic, coupled with strong economic growth momentum and the successful upward adjustment in toll rates of the expressway projects in Indonesia in mid-2021, traffic volume and toll revenue for the year both experienced significant growth. Toll revenue increased by 49% to RMB934 million compared to 2021. Average daily traffic volume increased to 91,800 vehicles (excluding the newly acquired SB Expressway, average daily traffic volume increased by 25% to 59,000 vehicles compared to 2021).

In 2022, overall average daily traffic volume and toll revenue of the Group's expressway projects in Mainland China and Indonesia reached 319,100 vehicles and RMB3,716 million, respectively, representing a decrease of 1% and 2% compared to the previous year. Due to the surge in toll revenue of the expressways in Indonesia and the decrease in interest costs and operating expenses which offset by the decrease in the toll revenue of the expressways in Mainland China, profit of the toll road segment increased to HK\$627 million.

Business Segments Analysis:

i) Property Segment

In 2022, the property segment achieved total sales (including joint venture and associate projects) of RMB41,254 million in Mainland China and Hong Kong, comprising the contracted sales of RMB39,986 million and outstanding subscribed sales of RMB1,268 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 2022:

| Regions (Notes) | Sales | | Delivery | |
|------------------------------------|-----------------------|------------------|-----------------------|------------------|
| | Amount RMB'million | Area sqm | Amount RMB'million | Area sqm |
| Yangtze River Delta Region | 31,023 | 1,157,000 | 21,288 | 1,075,000 |
| Bohai Rim Region | 7,901 | 392,000 | 7,966 | 388,000 |
| Guangdong-Hong Kong-Macao Bay Area | 2,236 | 109,000 | 4,324 | 138,000 |
| Other Regions | 94 | 11,000 | 15 | 2,000 |
| Total (2022) | <u>41,254</u> | <u>1,669,000</u> | <u>33,593</u> | <u>1,603,000</u> |
| Total (2021) | <u>51,557</u> | <u>1,760,000</u> | <u>41,651</u> | <u>2,040,000</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 2022, the average selling price of properties in the property segment was RMB25,000 per sqm. Yangtze River Delta Region is the major sales region, accounting for approximately 75% of total sales. As at 31 December 2022, the total area of properties pre-sold but yet to be delivered was approximately 1,120,000 sqm.

Set out below is an analysis of the financial performance of the Group's property segment for 2022 and 2021:

| | 2022 | 2021 |
|---------------------|----------------------------|---------------------|
| | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Revenue | 17,073 | 24,569 |
| Gross profit | 2,937 | 5,379 |
| Profit for the year | 1,262 | 2,279 |

In 2022, the revenue of the Group's property segment was mainly derived from the delivery of properties in Yangtze River Delta Region (which accounted for approximately 63% of total revenue). The average selling price increased to approximately RMB21,000 per sqm. The gross profit margin for delivery was 17%, and the profit of the property segment was HK\$1,262 million.

In 2022, the Group's property segment acquired two pieces of land for residential purpose through listing-for-sale and co-development respectively, with an aggregate floor area of approximately 140,000 sqm. The new lands were jointly developed with competent enterprises, thereby diversifying the Group's financial commitment.

ii) Toll Road Segment

In 2022, the total traffic volume of the Group's expressway projects in Mainland China and Indonesia was 105 million vehicles. The average daily traffic volume was approximately 319,100 vehicles, representing a decrease of 1% as compared to last year. The toll revenue for the year was RMB3,716 million, representing a decrease of 2% as compared to last year.

The traffic volume and toll revenue of the expressway projects are as follows:

| Projects | Average Daily Traffic Vehicles | Increase (Decrease) % | Toll Revenue RMB'million | Increase (Decrease) % |
|--|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Expressway projects in Mainland China | | | | |
| Baojin Expressway | 57,500 | (22) | 767 | (14) |
| Tangjin Expressway | 45,400 | (22) | 641 | (11) |
| Changyi Expressway | 67,800 | (12) | 491 | (6) |
| Longcheng Expressway | 24,300 | (18) | 529 | (18) |
| Machao Expressway | 32,300 | (12) | 354 | (5) |
| Total | 227,300 | (17) | 2,782 | (12) |
| Expressway projects in Indonesia | | | | |
| SN Expressway | 19,800 | 28 | 368 | 37 |
| NKK Expressway | 18,500 | 28 | 296 | 28 |
| MKTT Expressway | 20,700 | 20 | 226 | 79 |
| SB Expressway (Note) | 32,800 | N/A | 44 | N/A |
| Total | 91,800 | 94 | 934 | 49 |
| Total (2022) | 319,100 | (1) | 3,716 | (2) |
| Total (2021) | 321,800 | | 3,779 | |

Note: As the acquisition of SB Expressway in Indonesia was completed on 5 December 2022 and the above data are for the period from the acquisition date to 31 December 2022.

In 2022, the profit of the Group's toll road segment (after deduction of head office income, expenses and taxation) increased to HK\$627 million, mainly due to the significant increase in toll revenue of the expressway projects in Indonesia during the year, coupled with the decrease in interest costs and operating expenses, which offset the impact of the decrease in toll revenue of the expressways in Mainland China. In the same year, the Group's cash distributions received from expressway joint ventures increased to HK\$636 million.

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

In 2022, the property development projects of IAM segment (including joint venture and associate projects) achieved property sales of approximately RMB769 million, comprising the contracted sales of RMB581 million and outstanding subscribed sales of approximately RMB188 million. After restructuring and rectification, the business scale of the remaining original businesses, which mainly comprised property fund investment as well as cultural, tourist and commercial 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 action in due course.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2022, the equity attributable to owners of the Company was HK\$20,246 million (2021: HK\$22,337 million). Net assets per share attributable to owners of the Company was HK\$27.02 (2021: HK\$29.81).

As at 31 December 2022, the Group's total assets were HK\$90,002 million (2021: HK\$108,236 million) and bank balances and cash were HK\$8,262 million (2021: HK\$12,600 million), of which 81% was denominated in Renminbi and the remaining 19% was mainly denominated in US dollars or Hong Kong 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.

The Group's bank and other borrowings mainly comprised offshore guaranteed senior notes and syndicated loans, as well as project development loans. Certain of the Group's borrowings bore fixed interest rates per annum, including US\$2,222 million guaranteed senior notes with interest rates ranging from 5.125% to 7.875% 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.

In 2022, the strict pandemic control measures implemented in Mainland China has exerted greater downward pressure on the economy, home buyers were less likely to make a purchase, the decrease in sale proceeds has put real estate enterprises under cash flow pressure. Furthermore, as the peak time for loan repayment has come, we saw ongoing collapse of private real estate enterprises, the financing market of onshore and offshore real estate industries remained sluggish. Investors became prudent and adopted a wait-and-see attitude. In order to stabilise the development of the real estate industry, Mainland China has stepped up its efforts to ease the difficulties in financing faced by enterprises since the second half of the year. The official release of policies such as "guarantee property delivery" and "16 financial points" has eased the restriction on financing for real estate enterprises. However, as such relief measures are targeted at real estate enterprises facing short-term liquidity risk and market confidence have not yet recovered in such a short time, most other real estate enterprises are still encountering sales pressure and financing difficulties.

In 2022, the Group actively strengthened its cash flow and debt management. In the second half of 2022, the Group repaid a matured domestic corporate bond and repurchased part of the offshore US dollar bonds, and repaid a total of HK\$10,114 million equivalent of loans throughout the year. At the beginning of 2023, the Group further repaid a matured offshore bond with an outstanding principal amount of US\$343 million, which has greatly reduced the Group's short-term debt repayment pressure.

As at 31 December 2022, the net gearing ratio and the net capitalisation ratio of the Group were 73% and 42% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding amounts due to other 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.

Charges on Assets

As at 31 December 2022, bank balances of HK\$119 million (2021: HK\$113 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\$11,928 million (2021: HK\$10,241 million) were pledged as security for certain loan facilities.

As at 31 December 2022, the Group's borrowings with outstanding principal amount of 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 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 2022, Renminbi depreciated significantly and the Group recorded net exchange loss of approximately HK\$1,335 million. In order to minimise the impacts arising from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group had entered into range forward swap contracts for part of its offshore US dollar debts. The Group will pay close attention to the impact of changes in international environment on exchange rate fluctuations, and will enter into foreign currency forward contracts to balance the foreign exchange risks, when appropriate.

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

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

Financial Guarantee Contracts

As at 31 December 2022, the Group had provided guarantees of HK\$6,801 million (2021: HK\$8,398 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 31 December 2022, the Group had also provided guarantees of HK\$4,088 million (2021: HK\$4,098 million) for banking facilities granted to the joint ventures of the Group.

Employees

Excluding the staff of joint ventures and associates, the Group had 4,374 employees as at 31 December 2022. Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK\$1,099 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

In the long run, the Chinese government continues to implement the policy of "house is for living, not for speculating", actively promote city-specific policies, support reasonable housing demand, and place more efforts on "guarantee property delivery" to promote the long-term stable and healthy development of the real estate market. Looking forward to 2023, it is expected that the real estate market in Mainland China will bottom out in the short term, and sales will stabilise and rebound at the end of the year, and market performance among various cities might deviate significantly. Since the second half of 2022, financial regulatory policies have been relaxed, onshore and offshore financing markets have shown signs of recovery in early 2023, but the sentiment remains to be monitored. Taking into account the overall cash flow requirements and market uncertainties, the Group will remain prudent in land acquisition in the short term. At present, the international environment is still full of uncertainties, there are still headwinds for Mainland China's economic recovery in the short term. However, with the easing of pandemic prevention measures in Mainland China and Hong Kong, the real estate industry, as a pillar industry in Mainland China, still plays an important role in supporting economic growth. The Group stays cautiously optimistic in regards to the outlook of property business development.

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. Going forward, the Group will continue its pragmatic approach and strive to ensure property delivery and enhance its control on cash flow. To establish the Group as a more widely recognised and reliable developer in the market, it will continue to optimise market-oriented products and promote the brand name of the Group.

The Group began to accumulate overseas operating experience after expanding its expressway business in Indonesia in 2019. The Group has successfully acquired four expressways in Indonesia up to the present. In 2023, the Group will focus on promoting the increase in toll rates of the expressway projects in Indonesia, and actively follow the economic recovery policies rolled out in Mainland China. Meanwhile, the Group will continue to actively look for toll road projects with reasonable investment returns in Mainland China and the Asia-Pacific region to optimise the Group's toll road business.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, the Company redeemed following guaranteed senior notes issued by RKPF Overseas 2019 (A) Limited:

- (i) an aggregate principal amount of US\$53 million of US\$400 million 7.875% guaranteed senior notes due 2023 (the "2023 Notes"), subsequent to which the outstanding principal amount of 2023 Notes was US\$343 million;
- (ii) an aggregate principal amount of US\$121.2 million of US\$480 million 6.7% guaranteed senior notes due 2024 (the "2024 Notes"), subsequent to which the outstanding principal amount of 2024 Notes was US\$358.8 million;
- (iii) an aggregate principal amount of US\$82.94 million of US\$300 million 5.9% guaranteed senior notes due 2025 (the "2025 March Notes"), subsequent to which the outstanding principal amount of 2025 March Notes was US\$217.1 million; and
- (iv) an aggregate principal amount of US\$112.7 million of US\$415.6 million 6% guaranteed senior notes due 2025 (the "2025 September Notes"), subsequent to which the outstanding principal amount of 2025 September Notes was US\$302.9 million.

Subsequent to the reporting year, all the outstanding principal amount of the 2023 Notes were redeemed on its final maturity date on 1 February 2023 by RKPF Overseas 2019 (A) Limited. Following the full redemption, the 2023 Notes were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

In addition, 北京路勁雋御房地產開發有限公司 (Beijing RK Junyu Properties Developments Ltd.*), a wholly-owned subsidiary of the Company issued RMB1.5 billion 7% domestic bonds in September 2019 (the "2019 Domestic Bonds") and have a term of three years. The Group redeemed all the remaining principal amount of RMB868.6 million bearing an adjusted fixed interest rate of 6.5% of the 2019 Domestic Bonds in September 2022, being its maturity.

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 2022.

* *for identification purpose only*

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 2022.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2022 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 Wednesday, 24 May 2023 at 10:00 a.m. and the notice of annual general meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Thursday, 18 May 2023 for registration.

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 of the Company 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, 21 March 2023

As at the date of this announcement, the board of Directors of Road King Infrastructure Limited comprises Messrs. Zen Wei Peu, Derek, Ko Yuk Bing, Fong Shiu Leung, Keter and Ng Fun Hung, Thomas as Executive Directors, Ms. Cai Xun and Mr. Xu Enli as Non-executive Directors and Messrs. Lau Sai Yung, Tse Chee On, Raymond, Wong Wai Ho and Ms. Hui Grace Suk Han as Independent Non-executive Directors.