首程控股有限公司
SHOUCHENG HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

– The Group recorded revenue of HK$1,600 million, representing an increase of 34% from last year, the Group recorded gross profit of HK$1,064 million, representing an increase of 95% from last year.

– The Group recorded operating profit of HK$1,346 million, representing an increase of 137% from last year.

– The Group recorded profit attributable to owners of the Company of HK$922 million as compared to loss attributable to owners of the Company of HK$1,095 million of last year, mainly due to the provision for impairment of HK$1,615 million of last year in respect of an investment of the Company, Shougang Fushan Resources Group Limited ("**Shougang Resources**"), which took into account the recent market price and cost to sell of Shougang Resources.

– The basic and diluted earnings per share for the year were HK12.97 cents. The basic and diluted loss per share of HK15.19 cents last year.

The Board has recommended to declare a final dividend in the total amount of HK$400 million for the year ended 31 December 2022 (2021: HK$400 million).

The Board declared an interim dividend of HK$300 million.

On 15 February 2022, the Board declared a special dividend in the aggregate amount of HK$200 million, comprising the first tranche of special dividend of HK$100 million was paid on 14 March 2022. The second tranche of HK$100 million was paid on 31 October 2022.

A total of HK$500 million has been declared and HK$400 million has been recommended to declare, a total of HK$900 million for the year ended 31 December 2022.

The board of directors (the "**Board**") of Shoucheng Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 with comparative figures for the year ended 31 December 2021. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue	3	**1,599,809**	1,195,031
Cost of sales		**(535,391)**	(647,828)
Gross profit		**1,064,418**	547,203
Other income		**480,511**	307,617
Other gains, net		**194,354**	128,016
Provision for impairment loss for trade receivables		**(14,600)**	(70,731)
Administrative expenses		**(378,568)**	(343,154)
Operating profit		**1,346,115**	568,951
Finance costs		**(102,356)**	(74,343)
Provision for impairment of an investment		**–**	(1,615,179)
Share of results of associates		**499**	16,632
Share of results of joint ventures		**(60,820)**	114,826
Profit/(loss) before income tax		**1,183,438**	(989,113)
Income tax expense	4	**(269,091)**	(124,413)
Profit/(loss) for the year		**914,347**	(1,113,526)
Profit/(loss) is attributable to:			
Owners of the Company		**922,010**	(1,095,327)
Non-controlling interests		**(7,663)**	(18,199)
		914,347	(1,113,526)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	**2022** **HK$'000**	2021 *HK$'000*
Other comprehensive (loss)/income			
Items that have been/may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(215,479)**	10,098
Release of exchange reserve upon disposal of asset classified as held for sale		**(42,618)**	–
Share of exchange differences of associates and joint ventures arising on translation of foreign operations		**(71,027)**	27,577
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,045)**	–
Fair value changes on financial assets at fair value through other comprehensive income ("**FVOCI**")		**76,145**	(14,975)
Share of fair value change on investment in equity instruments designated at FVOCI of an associate		**–**	8,253
Other comprehensive (loss)/income for the year		**(261,024)**	30,953
Total comprehensive income/(loss) for the year		**653,323**	(1,082,573)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**669,031**	(1,064,630)
Non-controlling interests		**(15,708)**	(17,943)
		653,323	(1,082,573)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company:			
Basic earnings/(loss) per share *(HK cents)*	*5*	**12.97**	(15.19)
Diluted earnings/(loss) per share *(HK cents)*	*5*	**12.97**	(15.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**2022**	2021
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**22,939**	35,663
Right-of-use assets		**2,051,682**	2,204,768
Contract assets in respect of service concession arrangements		**209,368**	124,017
Investment properties		**615,579**	257,466
Investments in associates		**163,790**	173,538
Investments in joint ventures		**650,204**	854,694
Investments – non-current		**3,490,102**	1,075,915
Prepayments and deposits		**167,162**	132,994
Deferred income tax assets		**5,291**	3,304
Other non-current assets		**403,233**	413,607
Total non-current assets		**7,779,350**	5,275,966
Current assets			
Trade receivables	*7*	**355,961**	135,144
Prepayments, deposits and other receivables		**300,936**	262,947
Investments – current		**1,495,605**	1,523,213
Time deposits with maturity over three months		**150,654**	100,000
Bank balances and cash		**3,573,685**	2,573,462
		5,876,841	4,594,766
Asset classified as held for sale	*6*	**–**	3,511,510
Total current assets		**5,876,841**	8,106,276
Total assets		**13,656,191**	13,382,242
EQUITY			
Capital and reserves			
Share capital	*9*	**12,546,847**	12,546,847
Reserves		**(2,619,258)**	(2,406,210)
Capital and reserves attributable to owners of the Company		**9,927,589**	10,140,637
Non-controlling interests		**96,470**	87,770
Total equity		**10,024,059**	10,228,407

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings – non-current		**465,572**	573,605
Lease liabilities – non-current		**1,448,146**	1,512,358
Deferred income tax liabilities		**160,013**	59,796
Financial liabilities at fair value through profit or loss – non-current		**87,461**	–
Total non-current liabilities		**2,161,192**	2,145,759
Current liabilities			
Trade payables	*8*	**353,950**	389,337
Other payables, provision and accrued liabilities		**273,174**	240,159
Contract liabilities		**22,517**	23,822
Financial liabilities at fair value through profit or loss – current		**925**	–
Tax payable		**137,716**	98,446
Borrowings – current		**581,821**	179,037
Lease liabilities – current		**100,837**	77,275
Total current liabilities		**1,470,940**	1,008,076
Total liabilities		**3,632,132**	3,153,835
Total equity and liabilities		**13,656,191**	13,382,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities measured at fair value and the asset held for sale measured at the lower of carrying amount and fair value less cost to sell.

The financial information relating to the years ended 31 December 2021 and 2022 included in this preliminary announcement of annual results 2022 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022.

- COVID-19-Related Rent Concessions (Amendments) - Amendments to HKFRS 16
- HKFRSs Standards Annual Improvements – HKFRSs annual improvements 2018-2020 cycle
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Property, Plant and Equipment – Proceeds before Intended Use – Amendments to HKAS 16
- Cost of Fulfilling a Contract – Amendments to HKAS 37
- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations – Accounting Guideline 5 (revised)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(b) New and amended HKFRSs issued but not yet effective

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17 Insurance Contracts	1 January 2023
HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 – Comparative information	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is still assessing what the impact of the new standards, interpretations and amendments will be in the periods of initial application. It is not yet in a position to state whether these standards, interpretations, and amendments will have a significant impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group has been principally engaged in infrastructure assets management business.

Revenue recognised during the years are as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue under HKFRS 15:		
Operation service income	**386,737**	436,617
Construction revenue from service concession agreement	**124,594**	135,130
Fund management services income	**186,833**	174,478
Excess returns from investment funds	**515,489**	246,583
	1,213,653	992,808
Revenue under other accounting standards:		
Leasing income	**71,613**	64,819
Investment gain on financial assets at FVPL	**314,543**	137,404
Total revenue	**1,599,809**	1,195,031

	2022	2021
	HK$'000	*HK$'000*
Timing of revenue recognition		
– Overtime	**1,213,653**	992,808

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions and resources allocation. The Group's businesses are managed according to the type of products and services they provide. No operating segment identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

In order to strengthen corporate governance and enhance the interaction between the Board of directors and the management of the Group, the Group restructured the Executive Committee into an Executive Management Committee with effect from 25 August 2022. The Group considered the Executive Management Committee as the chief operating decision makers and reorganised its internal reporting structure which resulted in changes to the composition of its reportable segment.

Before the change in segment reporting, the Group had two business segments, including parking business and fund management business. After the reorganisation, the Group identified only one reportable segment – infrastructure assets management business.

The Group had adopted the new segment information as the reporting format during the year ended 31 December 2022 and the comparative segment information had been reclassified to conform to the reporting format under the current segment information.

The revenue, profit before tax, total assets and total liabilities reported to the chief operating decision makers are measured in a manner consistent with that in the consolidated financial statements.

The non-current assets, operations and substantially all of the customers are located in China which is the country of domicile of the relevant entities of the Group. Accordingly, no further analysis of revenue from external customers and non-current assets by geographical location is presented.

Revenue of approximately HK$317,363,000 (2021: HK$266,972,000) are derived from a single external customer during the year ended 31 December 2022.

Contract assets

As at 31 December 2022, contract assets which are presented as concession rights under service concession arrangements amounted to HK$209,368,000 (2021: HK$124,017,000).

Contract assets are initially recognised for revenue earned from the provision of construction services for the infrastructures during the period of construction under the service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from the grantors during the construction period. The service concession arrangement (including the contract assets therein) are not yet due for payment and will be settled by grant of concession rights that entitled the Group to operate during the operating periods of the service concession arrangements.

Contract liabilities

Contract liabilities represent advances received for the operation service.

Revenue recognised during the year ended 31 December 2022 that was included in the contract liabilities as at 1 January 2022 is approximately HK$22,659,000 (2021: HK$21,771,000).

4. INCOME TAX EXPENSE

Provision for income tax expense amounted to HK$269,091,000 has been made for year ended 31 December 2022 (2021: HK$124,413,000).

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the assessable profit for the year ended 31 December 2022 (2021:16.5%).

China enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is mainly 25% for the year ended 31 December 2022 (2021: 25%).

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in China. The requirement was effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in China in respect of earnings generated.

5. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share for the year is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year and excluding shares held for share incentive plan.

	2022 ***HK cents***	2021 *HK cents*
Basic earnings/(loss) per share attributable to the owners of the Company	**12.97**	(15.19)

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for the year is calculated by dividing the adjusted profit/(loss) attributable to the owners of the Company which have been taken into account the after-tax interest and other related after-tax financing costs on potentially dilutive ordinary shares by the adjusted weighted average number of ordinary shares in issue for the year which have taken into account the additional ordinary shares that would have been outstanding assuming that all potentially dilute ordinary shares have been converted.

	2022 ***HK cents***	2021 *HK cents*
Diluted earnings/(loss) per share attributable to the owners of the Company	**12.97**	(15.19)

5. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(c) Reconciliations of earnings/(loss) used in calculating earnings/(loss) per share

	2022	2021
	HK$'000	*HK$'000*
Basic earnings/(loss) per share		
Profit/(loss) attributable to the owners of the Company used in calculating basic earnings/(loss) per share	**922,010**	(1,095,327)
Diluted earnings/(loss) per share		
Profit/(loss) attributable to the owners of the Company used in calculating diluted earnings/(loss) per share	**922,010**	(1,095,327)

(d) Weighted average number of shares used as the denominator

	2022	2021
	Number of share	Number of share
	'000	*'000*
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share (note)	**7,108,941**	7,212,673

Note:

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings/(loss) per share for the years ended 31 December 2022 and 2021 have been arrived at after deducting the shares held in trust for the Group under the share incentive plan of the Group.

(e) Effects of share options

Options granted to employees under the share incentive plan are considered to be potential ordinary shares. These are performance-based share options with a number of performance goals. The 45,705,000 outstanding share options as at 31 December 2022 are not included in the calculation of diluted earnings per share because they are anti-dilutive as at 31 December 2022.

6. ASSET CLASSIFIED AS HELD FOR SALE

On 15 January 2021, Shoujing Yifei Holdings Limited ("**Shoujing Yifei**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**") with King Rich Group Limited ("**King Rich**"), a wholly-owned subsidiary of Shougang Holding (Hong Kong) Limited ("**Shougang Holding**"), one of the substantial shareholders of the Group, pursuant to which Shoujing Yifei has conditionally agreed to sell, and King Rich has conditionally agreed to purchase the sale shares ("**Sale Shares**") which represent the entire issued share capital of each of Excel Bond Investments Limited ("**Excel Bond**"), Fine Power Group Limited and Fair Gain Investments Limited (collectively the "**Subject Companies**"). The Subject Companies directly and indirectly held 1,463,962,490 shares of Shougang Resources which represents 28.98% of all issued shares of Shougang Resources and all interests of Shougang Resources held by the Group, at a consideration of HK$3,513,509,976 ("**Proposed Disposal**"). For further details, please refer to the announcement of the Company dated 15 January 2021.

The management of the Group expected the Proposed Disposal to be completed within one year. As a result, the entire equity interest in Shougang Resources held by the Group was reclassified as held for sale on 15 January 2021.

On 18 February 2021, the Company published a supplemental announcement that the Company has been informed that King Rich and Shougang Holding did not successfully obtain a waiver from the Securities and Futures Commission in respect of the obligation to make a mandatory general offer under Rule 26.1 under the Code on Takeovers and Mergers. In response to such condition, on the same date, Shoujing Yifei and King Rich entered into a supplemental agreement to amend and restate the Sale and Purchase Agreement (the "**Amended and Restated Sale and Purchase Agreement**") such that the Sale Shares under the Sale and Purchase Agreement was amended as relating to the entire issued share capital of Excel Bond (the "**Revised Sale Share**") and the consideration was revised as HK$1,440,000,000. It was expected that at completion, Excel Bond will indirectly hold 600,000,000 shares of Shougang Resources.

On 28 May 2021, the Amended and Restated Sale and Purchase Agreement and other transactions contemplated thereunder was approved in a general meeting of the Company. Despite of the amendment and restatement of the Sale and Purchase Agreement above, there was no change in overall business plan of disposal of all interests of Shougang Resources held by the Group.

The equity interest in Shougang Resources classified as held for sale was measured at the lower of carrying amount or fair value less cost to sell at the time of the reclassification and re-measured at each period end. It was reclassified from investment in associate to asset classified as held for sale and measured at fair value less cost to sell on 15 January 2021. It was subsequently re-measured at its fair value less cost to sell as at 31 December 2021. The total impairment loss recognised during the year ended 31 December 2021 was HK$1,615,179,000. The fair values of the equity interest of Shougang Resources were determined with reference to the market price of Shougang Resources as at 15 January 2021 and 31 December 2021 respectively.

6. ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

On 27 January 2022, all the conditions precedent of the Amended and Restated Sale and Purchase Agreement have been satisfied and the sale of the entire issued share capital of Excel Bond, which represented 11.88% of all issued shares of Shougang Resources, took place. For further details, please refer to the announcement of the Company dated 27 January 2022.

Disposal of assets classified as held for sale

	As at 27 January 2022 *HK$'000*
Proceeds from disposal of 11.88% equity interests in Shougang Resources	1,440,000
Disposal of carrying amount of 28.98% equity interests in Shougang Resources	(3,511,510)
Recognition of financial assets at FVOCI of 17.10% equity interests in Shougang Resources	2,045,591
Release of exchange reserve	42,618
Gain on disposal of assets classified as held for sale	16,699

Security investment reserve of HK$566,314,000 was released upon the disposal of Revised Sale Share completed.

Since the disposal of Revised Sale Share completed, the management considered the Group has no significant influence to Shougang Resources. As a result, the remaining equity interest in Shougang Resources held by the Group was reclassified and measured as financial assets through FVOCI.

On 31 December 2022, after considering the latest market condition and communications with regulatory bodies, the management assessed there was no change to the overall plan of disposal of the remaining interests in Shougang Resources but it is not highly probable that the disposal will be completed within twelve months after 31 December 2022. Therefore, the balance of the remaining interests of Shougang Resources is presented as "Investments – non-current" within non-current assets of the consolidated statement of financial position at 31 December 2022.

7. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**371,571**	136,795
Less: Provision for impairment losses	**(15,610)**	(1,651)
Trade receivables – net	**355,961**	135,144

The credit terms of trade receivables are normally 30 to 180 days as at 31 December 2022 (2021: 30 to 180 days). The following is an aging analysis of trade receivables net of provision for impairment losses based on the invoice date at the end of the year, which were similar to the respective revenue recognition dates:

	2022	2021
	HK$'000	*HK$'000*
Within 60 days	**167,420**	32,898
61-90 days	**8,793**	9,405
91-180 days	**22,088**	22,416
Over 180 days	**157,660**	70,425
	355,961	135,144

8. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice dates at the end of the years:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**94,223**	89,633
91-180 days	**67,894**	64,845
181-365 days	**90,652**	82,096
Over 365 days	**101,181**	152,763
	353,950	389,337

9. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares issued and fully paid:		
At 1 January 2021	7,081,017	12,127,547
Issue of new shares on 3 February 2021 *(Note a)*	210,000	426,300
Transaction costs attributable to issue of new shares	–	(7,000)
At 31 December 2021 and 1 January 2022	7,291,017	12,546,847
Share repurchase *(Note b)*	(15,082)	–
At 31 December 2022	7,275,935	12,546,847

Note(a): On 3 February 2021, the Company allotted and issued 210,000,000 shares at a subscription price of HK$2.03 per share to Jingxi Holdings Limited, an indirect wholly-owned subsidiary of Shougang Group Co., Limited. The total proceeds of approximately HK$426,300,000 has resulted in an increase in share capital.

Note(b): During the year ended 31 December 2022, 15,082,000 ordinary shares of the Company were repurchased at a price ranging from HK$1.17 to HK$1.57 per share. The total amount paid for the repurchase was approximately HK$19,886,000. All shares repurchased have been cancelled during the year ended 31 December 2022.

10. DIVIDENDS

	2022 ***HK$'000***	2021 *HK$'000*
Final dividend for the year ended 31 December 2021 of HK5.49 cents (2020: HK5.49 cents) per fully paid share	**390,307**	400,276
Special dividend for the year ended 31 December 2022 of HK2.74 cents (2021: Nil) per fully paid share	**194,847**	–
Interim dividend for the year ended 31 December 2022 of HK4.12 cents (2021: HK4.11 cents) per fully paid share	**292,817**	299,662
	877,971	699,938

In a board resolution dated 15 February 2022, the Board declared a special dividend with total amount of HK$200 million, comprising the first tranche of special dividend of HK$100 million was paid on 14 March 2022 to shareholders whose names appear on the register of members of the Company on 3 March 2022 and the second tranche of special dividend of HK$100 million was paid on 31 October 2022 to the shareholders whose names appear on the register of members of the Company on 20 October 2022.

In a board resolution dated 25 August 2022, the Board declared an interim dividend in the total amount of HK$300 million (equivalent to HK4.12 cents per ordinary share, based on the number of issued shares on 25 August 2022, i.e 7,282,547,194 ordinary shares) for the six months ended 30 June 2022 (2021: HK$300 million).

In a board resolution dated 24 March 2023, the Board has recommended a final dividend in the total amount of HK$400 million for the year ended 31 December 2022 (2021: HK$400 million) payable to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 14 July 2023. Based on the 7,528,737,440 ordinary shares in issue, such a final dividend would amount to HK5.31 cents per share (2021: HK5.49 cents per ordinary share).

The final dividend is subject to the shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2022 has not been recognised as a liability as at 31 December 2022.

The dividend distribution excludes approximately HK$21 million which are received by the treasury shares held by the Company for share incentive plan during the year ended 31 December 2022.

11. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Step acquisition in subsidiaries

(a) During the year ended 31 December 2021, the Group completed several transactions with non-controlling interests. The Group recognised decrease in non-controlling interest of HK$30,799,000 and increase in equity of HK$9,661,000 attributable to the owners of the Company.

(b) During the year ended 31 December 2022, the non-controlling interests of certain non-wholly owned subsidiaries and the Group completed several rounds of capital injections into those subsidiaries without changing the equity interests of the subsidiaries held by the non-controlling interests and the Group. As a result of the capital injections, the balance of non-controlling interests increased by HK$24,408,000 (2021: HK$1,604,000).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend in the total amount of HK$400 million for the year ended 31 December 2022 (2021: HK$400 million), payable to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 14 July 2023. Based on 7,528,737,440 ordinary shares of the Company in issue, such a final dividend would amount to HK5.31 cents per ordinary share (2021: HK5.49 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 25 May 2023 (the "**AGM**"), the final dividend is expected to be paid on Thursday, 3 August 2023. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 14 July 2023 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive) to determine the shareholders' entitlement to attend and vote at the AGM. During such period, no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 19 May 2023 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The Group aims to improve infrastructure assets and become the pioneer of infrastructure real estate investment trusts ("**REITs**") in China. With the Group's strong asset financing capabilities and rich experience in asset operation, the Group is seizing the opportunities in the era of Public Offering REITs in China, as such, the Group helps to build new infrastructure for China, and improve the efficiency for the infrastructure assets industry in China.

The Group continues to serve the "full-cycle management" of infrastructure assets, relying on two core capabilities of asset financing and asset operation. The Group aims to solve the historical drawbacks including large initial investment, slow payback and inefficient operation by enhancing the liquidity and operating efficiency of the underlying assets. At the front stage, the Group develops and cultivates projects through the establishment and management of Public Offering REITs industry development funds. At the middle stage, the Group uses mature and rich capabilities of platform operation to improve asset quality and efficiency, and receives capital returns through the Public Offering REITs platform, and finally forms a reinvestment through Public Offering REITs strategic placement investment funds, and realises comprehensive enhancement in asset value through four-point-one-line business loop.

2022 was the third year since the COVID-19 pandemic lasted, and it was also the year that hit the industry the hardest. The Group's various business operations have been affected to varying degrees. Luckily, relying on the accumulation of business scale, operating capabilities, capital and resource strength over the past years, the Group has built a relatively stable business moat, which has enabled the Group to maintain a rapid growth of business trend under the great pressure of the pandemic.

The Group recorded revenue of HK$1,600 million in 2022, representing an increase of 34% compared to last year. The Group recorded a profit attributable to owners of the Company of HK$922 million for the year ended 31 December 2022, compared to a loss attributable to owners of the Company of HK$1,095 million due to the asset disposal last year. The return on equity is 9.2%, which hit a record high.

In 2022, Beijing State-owned Capital Operation and Management Company Limited* (the "**BSCOMC**") ("北京國有資本運營管理有限公司") has become one of the strategic shareholders of the Group based on the approbation of the Group's strategy and business, as well as the confidence in the Group's long-term and rapid development in the future. The BSCOMC is known as "Beijing Temasek" and is also one of the state-owned capital operation institutions with the largest asset scale and the best profitability in China. With the resources support in terms of infrastructure assets from BSCOMC, the Group is potentially to provide services for more than half of the infrastructure asset holders in Beijing to promote closer linkage between infrastructure assets in Beijing and the Public Offering REITs market in China.

At the same time, Sunshine Life Insurance Corporation Limited ("**Sunshine Life**"), which is the most dynamic insurance company in China, has also become one of the strategic shareholders of the Group. The Group is looking forward to have much more and much effective exploration and valued cooperation with Sunshine Life in various fields, including Public Offering REITs and industry funds in the future.

* *For identification purpose only*

KEY PERFORMANCE INDICATORS REVIEW

	For the year ended 31 December	
	2022	2021
	HK$ million	*HK$ million*
Revenue	**1,600**	1,195
Including: Revenue from asset financing	**1,017**	558
Revenue from asset operating	**583**	637
Adjusted EBITDA*	**1,466**	947
Operating profit	**1,346**	569
Profit/(loss) attributable to the owners of the Company	**922**	(1,095)

	For the year ended 31 December	
	2022	2021
	HK cents	*HK cents*
Basic earnings/(loss) per share	**12.97**	(15.19)
Diluted earnings/(loss) per share	**12.97**	(15.19)

	As at 31 December	
	2022	2021
	HK$ million	*HK$ million*
Total assets	**13,656**	13,382
Net assets	**10,024**	10,228
Asset – Liability ratio	**26.6%**	23.6%
Debt equity ratio△	**10.5%**	7.4%

* The definition of Adjusted EBITDA is set out in page 21 of this announcement.

△ The definition of debt equity ratio is set out in page 22 of this announcement.

FINANCIAL REVIEW

The year ended 31 December 2022 compared to the year ended 31 December 2021:

Revenue and Cost of Sales

The Group's revenue mainly consists of revenue from asset financing and revenue from asset operation. Revenue from asset financing includes comprehensive income generated from the consultancy of Public Offering REITs, the management and investment of Public Offering REITs development funds, and the management and investment of strategic placement funds. With the rapid expansion of the Group's asset management scale, the revenue from asset financing significantly increased in 2022. The revenue from asset operation includes the industry-based operation services, as well as the service income of various technologies, consulting, research, innovation and value-adding and other services generated surround the core infrastructure asset services.

The Group recorded revenue of HK$1,600 million this year, up 34% from HK$1,195 million last year, including:

Revenue from asset financing was HK$1,017 million, with an increase of 82% compared to same period of last year. The substantial increase in revenue from asset financing is due to further expansion of the Group's assets under management. The expansion of the scale of assets under management has brought the Group stable management fee income in long term. Meanwhile, the mature projects and the exit of some funds continue to contribute significant excess returns to the Group in 2022, and strategic investments in Public Offering REITs have also contributed significant investment income to the Group.

Revenue from asset operation was HK$583 million, with a decrease of 8.5% compared to same period of last year. Revenue from asset operation declined in 2022 is caused by the impact of the epidemic. During the period of epidemic control, the revenue scale especially for the parking lots in large transportation hubs such as airports was precipitously declined. With the overall easing of the epidemic and the recovery of the macro economy in the new year, the operating income of transportation hub projects is recovering at a multiplied growth rate. The Group is confident that with the further expansion of the operating asset scale and the recovery of the passenger flow, the revenue from asset operation will achieve rapid growth.

The Group recorded cost of sales of HK$535 million this year, representing a decrease of 17.4% compared to HK$648 million last year. Gross profit margin for the year was 66.5%, representing an increase of absolute value of 20.7% compared to 45.8% in last year. The increase in gross profit was attributable to the significant increase in revenue from asset financing. On the other hand, the team has worked hard to enhance the internal operation management system, and the operation efficiency was further enhanced, resulting in a significant cost reduction and increase in efficiency. The overall gross profit of the business was increased, although the revenue from asset operation decreased.

Non-HKFRSs Measures

Profit/(loss) before income tax plus non-controlling interest, finance costs, provision for impairment in an investment, depreciation, and amortisation is defined as the adjusted EBITDA (the "**Adjusted EBITDA**") of the Group.

The total borrowings divided by capital and reserves attributable to owners of the Company is defined as the debt equity ratio (the "**Debt equity ratio**") of the Group.

The Adjusted EBITDA and Debt equity ratio are used as additional financial measures to supplement the Group's consolidated financial statements which are presented in accordance with HKFRSs.

The Group believes that the Adjusted EBITDA and Debt equity ratio provide meaningful supplemental information regarding the Group's performance and the core operating results, enhances the overall understanding of the Group's past performance and future prospects and allows for greater visibility with respect to key metrics used by the Group's management in its financial and operational decision-making. It would help the investors of the Company and others understand and evaluate the Group's consolidated results of operations in the same manner as management and in comparing financial results across different accounting periods.

Adjusted EBITDA

The Adjusted EBITDA is presented because they are used by management to evaluate operating performance. The Adjusted EBITDA attempts to represent cash profit generated by the core operations by stripping out the 1) non-cash items, including depreciation, amortisation and provision for impairment of investment in an investment; 2) income tax expenses depending on different tax rates in different countries; 3) finance costs depending on the Group's capital structure and not directly attributable to the Group's core operating results; 4) non-controlling interest, which is not directly attributable to owners of the Company.

During the year, the Adjusted EBITDA of the Group amounted to HK$1,466 million, representing an increase of 54.8% as compared to HK$947 million last year.

The following table reconciles the Group's profit/(loss) before income tax to adjusted EBITDA for the years presented:

	For the year ended 31 December	
	2022	2021
	HK$ million	*HK$ million*
Profit/(loss) before income tax	**1,183**	(989)
1. Non-controlling interests	**(8)**	18
2. Finance costs	**102**	74
3. Provision for impairment of an investment	**–**	1,615
4. Gain on disposal of assets classified as held for sale	**(17)**	–
5. Depreciation of property, plant and equipment	**12**	7
6. Depreciation of right-of-use assets	**163**	187
7. Amortisation of other non-current assets	**31**	35
Adjusted EBITDA	**1,466**	947

Debt equity ratio

The Debt equity ratio is presented because it is used by management to evaluate how the Group utilise its borrowings for financing the business and operations for growth.

In 2022, the Debt equity ratio of the Group is 10.5%, representing an increase of absolute value of 3.1% as compared to last year.

The following table shows the Group's total borrowings and capital and reserves attributable to owners of the Company for the years presented:

	As at 31 December	
	2022	2021
	HK$ million	*HK$ million*
Total borrowings	**1,047**	753
Including: Borrowings – non-current	465	574
Borrowings – current	582	179
Capital and reserves attributable to owners of the Company	**9,928**	10,141
Debt Equity Ratio	**10.5%**	7.4%

Finance costs

During the year, finance costs of the Group amounted to HK$102 million, representing an increase of 38% compared to last year. The finance costs are mainly attributable to the interests on lease liabilities derived from the adoption of HKFRS 16 Leases and the interest on the borrowings. The increase in finance costs was primarily attributed to the increase in the asset operation scale, which resulted in the increase in scale of borrowings and finance costs correspondingly during the year.

Holding other business assets

Shougang Resources

Shougang Resources is a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code 639 and is a major hard coking coal producer in China.

The carrying amount of the investments in Shougang Resources was reclassified as assets held for sale in January 2021. In January 2022, due to the disposal of a part of the equity interests in Shougang Resources held by the Group, the accounting method was adjusted and it was reclassified as financial assets at fair value through other comprehensive income. During the year, the Group recognised a profit of HK$17 million from the investment in Shougang Resources due to an adjustment in the accounting method, and received cash proceeds of HK$1,440 million from the sale. There was a provision for impairment of the Group's holding of shares in Shougang Resources having taken into account the recent market price and cost to sell of Shougang Resources last year. The total amount of provision for impairment was approximately HK$1,615 million.

The investment return derived from Shougang Resources for the year was HK$406 million and increased by 55.6% compared to HK$261 million of investment return derived from Shougang Resources last year.

Taxation

Provision for income tax expense amounting to approximately HK$269 million was made for the year ended 31 December 2022, while provision for income tax expense of approximately HK$124 million was made for the last year.

Income tax expenses mainly include the enterprise income tax calculated at a tax rate mainly of 25% for the Group's major subsidiaries incorporated in China.

REVIEW OF OPERATIONS

The Group adheres to the core business concept of "precision investment + lean operation". On the basis of focusing on investment and operation of various infrastructure assets with long-term value, the Group comprehensively uses Public Offering REITs to serve customers in depth by integrating two characteristics of Public Offering REITs including activating assets of building new investing and financing model and improving efficiency of asset operation. Relying on leading operation and management experience and efficient resource integration capabilities, the Group has gradually formed full-chain service capabilities such as asset financing and asset operation management in the infrastructure assets field.

Asset Financing

The asset financing provided by the Group, provides a full ecological chain service of development funds with investment and operation – Consultancy service of Public Offering REITs – Investment of Public Offering REITs strategic placement to achieve both of the growth in quality and return of customers' assets through the efficient acquisition of long-term "potential assets".

The Group established an industrial development fund to introduce long-cycle funds for customers. On one hand, the Group strengthens active management, cultivating "potential assets" to obtain stable fund management income; on the other hand, the Group links the underlying assets with the capital market, providing high-quality project reserves for the Public Offering REITs platform through the fund model. Most of the Group's investors are long-term investors, such as first-class domestic and foreign industrial institutions, insurance companies, provincial and municipal government funds.

At the same time, relying on domestic and overseas compound qualifications and rich experience of asset consultancy service, the Group assists the entire process of Public Offering REITs consultancy service and provides top financing services for original stakeholders. The Group is the leading participant in industry and has a relatively large advantage in the field of Public Offering REITs consultancy service. The Group is confident in expanding its advantages in the future. In 2021, the Group assisted Shougang Group Company Limited in issuing its first green and environmental protection asset Public Offering REITs – Shougang Green Energy. In 2022, the Group continues to assist more than 20 clients in preparing for the issuance of Public Offering REITs, and the corresponding scale of revitalised target asset exceeded RMB100 billion.

In addition, the Group is strongly optimistic about the prospects and returns of Public Offering REITs market in China, and has placed vast resources in strategic placement of Public Offering REITs. Relying on the excellent performance of Public Offering REITs market in China, as a Hong Kong Securities and Futures Commission Type 9 (Asset Management) license holder, the Group has managed the first fund in Hong Kong for strategic investment in Public Offering REITs products in China with a scale of US$200 million. At the same time, the Group packaged four self-owned parking lots with property rights projects as the underlying assets and issued the first parking assets REITs product in Shenzhen Stock Exchange.

Asset Operation

With the "investment+operation" driving mode, the Group has constantly innovated the product category and expanded the business coverage. The Group has built a whole cycle and chain with comprehensive capacity of planning and design, investment construction, management and operation, and innovation and value-added. The Group has adhered to the grid asset investment and has developed rapidly in four most dynamic development core regions, Beijing-Tianjin-Hebei Region, Southeast Region, Greater Bay Area Region and Chengyu region. The regional companies have acquired various infrastructure assets which are much efficient and with longer operating value.

The Group revitalises the parking assets and obtains the long-term operating value of the parking lots through precise investment capabilities. In Chongqing of Chengyu Region, the Group has obtained the ownership of parking spaces in many popular commercial districts, including Chongqing Longfor Times Paradise Street Project* ("重慶市龍湖時代天街項目"), Chongqing Yuanzhu III Project* ("重慶市源著三期項目") and Chongqing Guanyin Bridge Baile Street Project* ("重慶市觀音橋佰樂街項目"), increasing the Group's parking-space density in Chongqing core area, as well as further enhancing the Group's brand influence in Chongqing urban area. In the Greater Bay Area Region, the Group seised the opportunity to complete the acquisition of a high-quality parking asset, the Guangzhou Foshan Vanke Golden Mile Central Project* ("廣州市佛山萬科金域中央項目"), which has become a long-term and stable source of income. The Group continuously use "lean operation + technological innovation" to create incremental value and provide consumers with fast, convenient and comfortable parking services and related derivative services.

Relying on the rich project experience accumulated in airport parking and the professional, digitalised and standardised asset operation capabilities, the Group continually to provide travelers with a comfortable parking experience. During the year, the Group has successfully won the bid of one of the top-ten annual passenger flow excessive region transportation hub in China, the Xi'an Xianyang International Airport East Terminal Parking Building Project* ("**Xi'an Xianyang Airport Project**") ("西安市咸陽國際機場東航站樓停車場項目") in Southeast Region, and obtained a total of 8 years of operation rights for not less than 8,000 parking spaces. Xi'an Xianyang Airport Project is another project the Group participates in the construction and operation management after the Beijing Daxing International Airport Project in Beijing-Tianjin-Hebei Region, which further consolidated the Group's leading position in the field of airport parking.

The operation system with the core of lean operations, cross-border technology and value-added innovative business, which helps the sustainable enhancement of the efficiency and value realisation of infrastructure assets, is the cornerstone of the Group's asset operation capability. The Group has accumulated mature product models and rich operating experience in the categories of basic assets, which focus on the overall balance of profitability and stability. Based on the characteristics of each type of infrastructure assets, the Group has targeted its asset operation and efficiency to enhance the vitality of the assets, and at the same time, technology empowerment can be used as a bridge to continuously strengthen its ability to enhance the added value of the assets and provide diversified services to the asset holders by cross-border grafting of value-added services through scenario innovation, thereby optimizing the yield of the assets. The Group obtains high-quality infrastructure assets through self-supporting operation, joint operation, fund investment and so on, and it actively exports the Group's comprehensive management and operation services for the asset holder and the original stakeholders of Public Offering REITs assets.

* *For identification purpose only*

Even though the epidemic control was the most stringent with the largest impact and the passenger flow was greatly affected during 2022, the Group achieved a significant enhancement in the financial performance. Such achievements are mainly derived from the Group's ability in breaking through the asset category, breaking the asset boundary, promoting the cross-border integration of infrastructure assets, excavating the incremental income of infrastructure assets beyond the traditional perception, and realizing the value remodeling and re-pricing of infrastructure assets.

The Group has successfully completed and put of the 6-floor parking building in Beijing Chaoyang District Anzhen Hospital Project* ("北京市朝陽區安貞醫院項目") in Beijing of Beijing-Tianjin-Hebei Region, which is located within the Third Ring Road of Beijing, into operation before Lunar Festival. The project added not less than 600 parking spaces. During the holiday period of Lunar Festival, not less than 6,000 vehicles and not less than 9,000 patients and family members were served, which greatly alleviated the problems of the shortage of hospital parking resources and the difficulty of parking for patients. The new parking spaces have also improved the office environment of medical workers and the feeling of patients.

The parking building of Chengdu Gaoshengqiao Station Parking Building Project in Chengyu Region* ("成都高升橋驛站立體停車樓項目") was invested and constructed by the Group in Wuhou District, Chengdu, which is praised as the first "five-most" parking building in Chengdu; the project is widely praised for having 1.) the smallest floor area (only 738 square meters), 2.) the largest single size (not less than 300 new parking spaces), 3.) the shortest parking time (no more than 100 seconds on average), 4.) the highest degree of intelligence and 5.) the richest products. It became a benchmark for solving urban traffic and travel problems, it caused far-reaching publicity and demonstration effects in the national parking industry and even the competent functional departments in Chengdu.

The Chang'an Mills project* ("六工匯"項目) in Beijing of Beijing-Tianjin-Hebei Region, which is a model of industrial park reconstruction in Beijing and in China, covers 200,000 square meters and has 23 single buildings. The project attracted more than 70 commercial brands and corporate customers, providing more than 20 services formats such as office entrepreneurship, car purchase, parent-child education, and catering services. The parking building of Beijing Daxing International Airport in Beijing-Tianjin-Hebei Region has reached cooperative relations with more than 60 commercial brands, covering nearly 17 service formats, providing nearly 10,000 square meters of supporting service area, and introducing super charging stations of five high-end automobile brands, including Tesla, BMW, and Cadillac, in which car owners can utilise their spare time in the supporting service area during parking and charging. At the same time, the Group also installs photovoltaic panels with an annual power generation of 3 million kilowatts on the roof of the parking lots and stations to integrate the traditional parking buildings with clean energy.

* *For identification purpose only*

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group aims to diversify its funding sources through utilisation of both banking and capital markets. To the extent possible, financing is arranged to match business characteristics and cash flows.

1. Bank Balances, Cash and Borrowings

The bank balances and cash, borrowings and debt equity ratio of the Group as at 31 December 2022 as compared to 31 December 2021 are summarised below:

	As at 31 December 2022 *HK$ million*	As at 31 December 2021 *HK$ million*
Bank balances and cash	**3,574**	2,573
Wealth management products and fixed income financial assets	**903**	1,096
Total borrowings	**1,047**	753

2. Currency Risk, Interest Rate Risk and Other Market Risk

The Group formulates financial risk policies under the direction of the Board, managing financial risk, foreign currency risk, interest rate risk and trading counterparties' credit risk. Derivative financial instruments are mainly used to hedge the business operation risks. The Group also targets to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Hong Kong and China, it is subject to the foreign exchange fluctuation risks of HK dollars, US dollars and Renminbi. To minimise currency exposure, foreign currency assets are usually financed in the same currency as the asset or cash flow from it through borrowings.

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings. As at 31 December 2022, if interest rates on bank balance and borrowings had been 25 points higher/lower with all other variables held constant, pre-tax profit of the Group would have been HK$6.32 million (2021: HK$4.55 million) higher/lower.

3. Financing Activities

As at 31 December 2022, the balance of the Group's term loan financing from banks was HK$1,047 million, which was mainly for the investment in the 28 years operation rights of the Beijing Daxing International Airport Parking Building*（"北京大興國際機場停車樓"）and Nanjing Jianye Shoucheng Smart City Development Fund project*（"南京建鄴首程智慧城市發展基金項目"）.

* *For identification purpose only*

USE OF PROCEEDS

1. On 17 January 2020, the Company completed the allotment and issuance of 18,666,666 new ordinary shares (93,333,333 ordinary shares before the share consolidation that took effect from 30 March 2020 ("**Share Consolidation**")) ("**Shougang Subscription**") to Shougang Holding and the allotment and issuance of the convertible bonds ("**CB Subscription**") with an aggregate principal amount of approximately HK$1,231,685,000 to Mountain Tai Peak I Investment Limited ("**Mountain Tai Peak**"), Matrix Partners China V, L.P. ("**Matrix Partners V**") and Matrix Partners China V-A, L.P. ("**Matrix Partners V-A**"), and received a total net proceeds of approximately HK$1,256 million. As set out in the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"), the Company decided to reallocate the amount for the use of net proceeds in respect of the Shougang Subscription and the CB Subscription.

   As at 31 December 2022, the Group applied the proceeds of the Shougang Subscription and CB Subscription in the following manner:

Intended use of net proceeds	**Amount of the net proceeds raised** *HK$ million*	**Revised allocation of amount of unutilised net proceeds as at 1 January 2022** *HK$ million*	**Amount of utilised net proceeds during the year ended 31 December 2022** *HK$ million*	**Amount of unutilised net proceeds as at 31 December 2022** *HK$ million*	**Expected timeline for the use of the unutilised net proceeds^**
Invest in the Group's parking business, used for the Group's existing capital injection commitment, rental deposit and the development of new car parking assets	754	87	87	–	Not applicable
Invest in the Group's infrastructure asset management business	314	–	–	–	Not applicable
General working capital	188	42	42	–	Not applicable
Total	1,256	129	129	–	

^ The full amount of the net proceeds of the Shougang Subscription and CB Subscription have been applied in the revised manner disclosed in the Company's announcements dated 29 November 2019 and 14 February 2020 and the 2021 Annual Report.

2. On 21 February 2020, the Company completed the allotment and issuance of 300,000,000 new ordinary shares (1,500,000,000 ordinary shares before the Share Consolidation) ("**FTLife Subscription**") to FTLife Insurance Company Limited ("**FTLife Insurance**", an indirect wholly-owned subsidiary of NWS Holdings Limited) with net proceeds of approximately HK$450 million.

As at 31 December 2022, the Group applied the proceeds of the FTLife Subscription in the following manner:

Intended use of net proceeds	**Amount of the net proceeds raised**	**Amount of unutilised net proceeds as at 1 January 2022**	**Amount of utilised net proceeds during the year ended 31 December 2022**	**Amount of unutilised net proceeds as at 31 December 2022**	**Expected timeline for the use of the unutilised net proceeds^**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
Invest in the Group's parking business, used for the Group's existing capital injection commitment, rental deposit and the development of new car parking assets	270	270	270	–	Not applicable
Invest in the Group's infrastructure asset management business	112	15	15	–	Not applicable
General working capital	68	68	68	–	Not applicable
Total	450	353	353	–	

^ The full amount of the net proceeds of the FTLife Subscription have been applied in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company's announcement on 14 February 2020.

3. On 10 August 2020, the Company completed the subscription agreement ("**Poly Platinum Subscription**") with Poly Platinum Enterprises Limited ("**Poly Platinum**"), pursuant to which the Company has conditionally agreed to issue, and Poly Platinum conditionally agreed to subscribe for the 1% convertible bonds, in the aggregate principal amount of HK$300 million, with net proceeds of approximately HK$295 million.

As at 31 December 2022, the Group applied the proceeds of the Poly Platinum Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised *HK$ million*	Amount of unutilised net proceeds as at 1 January 2022 *HK$ million*	Amount of utilised net proceeds during the year ended 31 December 2022 *HK$ million*	Amount of unutilised net proceeds as at 31 December 2022 *HK$ million*	Expected timeline for the use of the unutilised net proceeds#
Financing the expansion of the Group's business in management and operation of car parking assets in Guangdong-Hong Kong-Macau Greater Bay Area and technology innovation of the Group	295	295	113	182	By the end of 2023
Total	295	295	113	182	

The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company's announcement dated 27 July 2020.

4. On 27 January 2021, the Company entered into the placing agreement with Huatai Financial Holdings (Hong Kong) Limited and BOCI Asia Limited (as placing agents) to procure placees to purchase the total number of the placing shares, being 210,000,000 shares, at a placing price of HK$2.03 per placing share. On 3 February 2021, the Company completed the placing and the subscription of 210,000,000 placing shares to not less than six placees ("**Placing and Subscription**") with net proceeds of approximately HK$419 million.

As at 31 December 2022, the Group applied the proceeds of the Placing and Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised *HK$ million*	Amount of unutilised net proceeds as at 1 January 2022 *HK$ million*	Amount of utilised net proceeds during the year ended 31 December 2022 *HK$ million*	Amount of unutilised net proceeds as at 31 December 2022 *HK$ million*	Expected timeline for the use of the unutilised net proceeds#
Invest in the Group's parking business, used for the Group's existing capital injection commitment, rental deposit and the development of new car parking assets	168	168	98	70	By the end of 2023
Invest in the Group's infrastructure asset management business	168	168	164	4	By the end of 2023
General working capital	83	83	66	17	By the end of 2023
Total	419	419	328	91	

The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company's announcement dated 3 February 2021.

MATERIAL ACQUISITIONS & DISPOSALS

Save for the completion of the Proposed Disposal on 27 January 2022 as set out under the section headed "Asset classified as held for Sale" in Note 6 to the financial information above, there were no other material acquisitions or disposals by the Group during the year.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Placing of existing shares

On 13 January 2023, the Company entered into a placing agreement (the "**Placing Agreement**") with Huatai Financial Holdings (Hong Kong) Limited (as placing agent and overall coordinator) to procure placee to purchase the total number of the placing shares, being 252,802,246 shares, at a placing price of HK$1.80 per placing share pursuant to the terms of the Placing Agreement.

On 31 January 2023, the Company completed the placing and the subscription of 252,802,246 placing shares to Sunshine Life, all of which were subscribed by the placing shareholder, with net proceeds of approximately HK$448 million.

For further details of the aforesaid placing, please refer to the announcements of the Company dated 13 January 2023 and 31 January 2023.

CAPITAL STRUCTURE

As at 31 December 2022, the issued share capital of the Company was HK$12,546,847,000 (represented by 7,275,935,194 issued ordinary shares).

EMPLOYEES RELATIONSHIP

The Group had a total of 515 employees as at 31 December 2022. All subsidiaries of the Company promote equal employment opportunities. The Group strictly complies with regulations of state and local governments and adopts a fair, just, and open recruitment process in order to provide employees with an equal, diverse and discrimination-free working environment. In the process of recruitment, training and promotion, the Group provides equal treatment to all candidates to safeguard employees' rights and interests.

The Group's remuneration policy is to ensure that employees receive a fair and competitive overall remuneration package. Based on the principle of "competitive externally, fair internally", the Group has established a remuneration incentive mechanism with "fixed salary as basis and performance linked remuneration as main component" that is based on factors such as position value, ability, and contribution to performance etc, in order to motivate and retain existing employees. By making full use of a variety of long and short term incentives, the Group seeks to attract and retain talented employees to achieve the Group's strategic goals together.

Remuneration package is designed based on the practices of the locations of the Group's various businesses.

Remuneration package for Hong Kong employees includes salary, discretionary bonus, medical allowance, hospital insurance and share incentive plan to subscribe for the Company's ordinary shares. All Hong Kong subsidiaries of the Company provide retirement fund scheme for Hong Kong employees as part of employee welfare.

Remuneration package for Mainland China employees includes salary, discretionary bonus, project bonus, medical allowance and share incentive plan to subscribe to the Company's ordinary shares as part of employee welfare. In order to fully cover the needs of employees, the Group also provides social insurance welfare (i.e. pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund) as well as annual medical check for all employees according to state regulations.

In addition, to strengthen employees' sense of belonging, the Group arranges a variety of recreational activities for all employees, including a sports meeting organised by the Group to strengthen team cohesion, and a town hall meeting to commend excellent individual and team performances.

The Company adopted a share incentive plan in 2021. The scope of the participants include executive directors and core management of the Company, technical and business backbone personnel of the Group. The purposes of the share incentive plan are to align the interests of employees, Company and the Shareholders for the Group's long-term development, to attract, motivate and retain talent, to establish and complete the long-term incentive mechanism of the Group, with a view to achieving the objectives of further enhancing Shareholders' value. For further details, please refer to (i) the announcements of the Company dated 29 July 2021, 12 October 2021, 5 November 2021 and 2 November 2022; and (ii) the circular of the Company dated 15 October 2021.

PROSPECTS

The infrastructure industry in China is rich and with large-scale, providing various basic assets. The Group is in the faith that the Public Offering REITs will be a potential trillion-scale market and will become one of the biggest investment opportunities in the next decade. The Group is looking forward to develop rapidly with the upward trend of REITs market and resource capabilities of strategic shareholders in terms of infrastructure assets.

With the easing of the pandemic and the recovery of the macro economy, the development of China infrastructure businesses, are expected to accelerate. The Group's asset financing and asset operation services in related fields will enter a new round of development cycle.

The Group is also actively planning, by self-development, acquisition and strategic investment, to further enhance the development of core capacity, strategic acquisition and integration of high-quality assets, to form a gird-based layout of core potential assets with long-term value, and to expand the scale and types of assets. The Group focuses on improving operational quality and efficiency to fully excavate and release value contributors of assets, providing asset-holders a full-cycle one-stop solution. The Group aims in building a leading infrastructure service company with the largest market scale, the highest technological content, and the best return.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, the Company bought back a total of 15,082,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$19,885,640. All such bought back shares were subsequently cancelled.

Particulars of the shares bought back during the year are set out below:

Month	Number of share bought back	Price paid per share Highest *(HK$)*	Price paid per share Lowest *(HK$)*	Aggregate Consideration (before expenses) *(HK$)*
February 2022	5,900,000	1.38	1.32	7,953,380
April 2022	2,570,000	1.24	1.17	3,096,060
July 2022	2,192,000	1.24	1.19	2,663,320
September 2022	2,700,000	1.34	1.25	3,488,540
November 2022	1,720,000	1.57	1.51	2,684,340
Total	**15,082,000**			**19,885,640**

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions and, where applicable, the recommended best practices in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2022. Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2022 annual report.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 24 March 2023

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei and Ms. Zhang Meng as Executive Directors; Mr. Li Hao (Vice Chairman), Mr. Liu Jingwei and Mr. Ho Gilbert Chi Hang as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Ms. Zhuge Wenjing as Independent Non-executive Directors.

* *For identification purpose only*