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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 2023

HIGHLIGHTS	2023	2022
Property sales (including joint venture and associate projects)	RMB27,650 million	RMB42,023 million
Property delivery (including joint venture and associate projects)	RMB31,651 million	RMB34,196 million
Toll revenue from expressway projects	RMB3,906 million	RMB3,716 million
Loss for the year attributable to owners of the Company	HK\$3,962 million	HK\$495 million
Total assets	HK\$73,146 million	HK\$90,002 million
Bank balances and cash	HK\$5,480 million	HK\$8,262 million
Equity attributable to owners of the Company	HK\$15,696 million	HK\$20,246 million
Net assets per share attributable to owners of the Company	HK\$20.95	HK\$27.02
Net gearing ratio	63%	73%

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 2023 and consolidated statement of financial position of the Group as at 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	NOTES	HK\$'000	HK\$'000
Revenue	3	13,075,348	17,155,976
Cost of sales		(13,723,342)	(14,211,696)
Gross (loss) profit		(647,994)	2,944,280
Interest income		222,133	395,726
Other income		152,729	116,551
Other gains and losses	5	(1,333,446)	(687,319)
Selling expenses		(467,508)	(702,236)
Administrative expenses		(758,750)	(924,782)
Share of results of associates		13,561	31,970
Share of results of joint ventures	6	284,242	1,067,257
Finance costs	7	(1,054,192)	(1,143,274)
(Loss) profit before taxation	8	(3,589,225)	1,098,173
Income tax expenses	9	(171,322)	(639,561)
(Loss) profit for the year		(3,760,547)	458,612
(Loss) profit for the year attributable to:			
Owners of the Company		(3,961,585)	(495,378)
Owners of perpetual capital securities		532,676	536,907
Other non-controlling interests of subsidiaries		(331,638)	417,083
		(3,760,547)	458,612
Loss per share	11		
– Basic		(HK\$5.29)	(HK\$0.66)
– Diluted		N/A	N/A

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the year	<u>(3,760,547)</u>	<u>458,612</u>
Other comprehensive income (expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	128,708	29,656
Share of other comprehensive income (expense) of joint ventures	10,389	(8,116)
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<u>(851,394)</u>	<u>(1,811,030)</u>
Other comprehensive expense for the year	<u>(712,297)</u>	<u>(1,789,490)</u>
Total comprehensive expense for the year	<u><u>(4,472,844)</u></u>	<u><u>(1,330,878)</u></u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(4,550,758)	(1,941,137)
Owners of perpetual capital securities	532,676	536,907
Other non-controlling interests of subsidiaries	<u>(454,762)</u>	<u>73,352</u>
	<u><u>(4,472,844)</u></u>	<u><u>(1,330,878)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	<i>NOTES</i>	2023	2022
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		47,966	53,049
Right-of-use assets		25,801	41,273
Investment properties		5,244,882	4,125,822
Interests in associates		1,025,706	1,041,280
Interests in joint ventures		14,732,503	18,612,840
Deferred tax assets		134,245	227,359
Amounts due from joint ventures and associates		3,944,670	6,084,012
Amounts due from other non-controlling interests of subsidiaries		–	974,183
Loan receivables		1,842,842	2,651,746
Financial assets at fair value through profit or loss (“FVTPL”)		579,707	596,271
		<u>27,578,322</u>	<u>34,407,835</u>
Current assets			
Inventory of properties		29,426,286	38,631,097
Amounts due from joint ventures and associates		1,788,591	3,564,733
Amounts due from other non-controlling interests of subsidiaries		1,615,514	909,132
Loan receivables		79,289	68,158
Debtors, deposits and prepayments	12	2,637,368	2,657,112
Prepaid income tax		1,531,029	1,382,848
Pledged bank deposits		79,672	119,803
Bank balances and cash		5,480,197	8,261,655
		<u>42,637,946</u>	<u>55,594,538</u>
Assets classified as held for sale	13	<u>2,930,045</u>	–
Total assets		<u><u>73,146,313</u></u>	<u><u>90,002,373</u></u>

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		74,934	74,934
Reserves		15,620,722	20,171,480
		15,695,656	20,246,414
Owners of perpetual capital securities		6,963,623	6,961,258
Other non-controlling interests of subsidiaries		4,538,385	5,552,811
Total equity		27,197,664	32,760,483
Non-current liabilities			
Bank and other borrowings		12,753,149	21,890,008
Deferred tax liabilities		1,044,221	1,238,541
Financial liabilities at FVTPL		734,734	198,815
Lease liabilities		14,558	28,647
		14,546,662	23,356,011
Current liabilities			
Creditors and accrued charges	<i>14</i>	5,926,025	8,174,131
Amounts due to joint ventures and associates		6,250,067	4,919,384
Amounts due to other non-controlling interests of subsidiaries		1,452,807	1,505,136
Contract liabilities		3,317,085	3,980,427
Lease liabilities		14,227	15,031
Income tax payable		4,358,738	4,944,361
Bank and other borrowings		9,864,857	10,257,686
Financial liabilities at FVTPL		199,719	89,723
		31,383,525	33,885,879
Liabilities associated with assets classified as held for sale	<i>13</i>	18,462	–
Total equity and liabilities		73,146,313	90,002,373

NOTES:

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

2.1 New and 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 Group’s annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the 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.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) - Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022, and the cash flows amounts for the year ended 31 December 2022.

2.2 Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ *Effective for annual periods beginning on or after a date to be determined.*

² *Effective for annual periods beginning on or after 1 January 2024.*

³ *Effective for annual periods beginning on or after 1 January 2025.*

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

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 classify 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 2023, 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 the consolidated financial statements, these bank and other borrowings were classified as non-current at 31 December 2023.

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 2023.

3. REVENUE

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

Segment	2023			2022		
	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services						
Property sales	11,841,213	53,441	11,894,654	16,102,946	68,955	16,171,901
Property management and service income	958,814	3,733	962,547	819,305	8,344	827,649
Total	12,800,027	57,174	12,857,201	16,922,251	77,299	16,999,550
Geographical market						
Mainland China	12,754,368	57,174	12,811,542	16,711,797	77,299	16,789,096
Hong Kong	45,659	–	45,659	210,454	–	210,454
Total	12,800,027	57,174	12,857,201	16,922,251	77,299	16,999,550
Timing of revenue recognition						
Goods recognised at a point in time	11,841,213	53,441	11,894,654	16,102,946	68,955	16,171,901
Services recognised over time	958,814	3,733	962,547	819,305	8,344	827,649
Total	12,800,027	57,174	12,857,201	16,922,251	77,299	16,999,550

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

Segment	2023			2022		
	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers (note 3(a))	12,800,027	57,174	12,857,201	16,922,251	77,299	16,999,550
Rental income from commercial properties and other revenue	200,909	17,238	218,147	151,030	5,396	156,426
Total revenue of the Group (note 4)	13,000,936	74,412	13,075,348	17,073,281	82,695	17,155,976

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property sales and service income	12,857,201	16,999,550
Rental income from commercial properties and other revenue	218,147	156,426
Total revenue of the Group	<u>13,075,348</u>	<u>17,155,976</u>
Group's share of revenue of property joint ventures and associates	<u>11,078,905</u>	<u>10,210,076</u>
Group's share of toll revenue of infrastructure joint ventures	<u>1,873,573</u>	<u>1,891,614</u>
Revenue of the Group and Group's share of revenue of joint ventures and associates	<u>26,027,826</u>	<u>29,257,666</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, (loss) profit, assets, liabilities and other information by operating and reportable segments for the years under review:

	2023				2022			
	Property development and investment	Toll road	Investment and asset management	Total	Property development and investment	Toll road	Investment and asset management	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>13,000,936</u>	<u>-</u>	<u>74,412</u>	<u>13,075,348</u>	<u>17,073,281</u>	<u>-</u>	<u>82,695</u>	<u>17,155,976</u>
Segment (loss) profit	<u>(2,137,716)</u>	<u>563,096</u>	<u>(2,073,944)</u>	<u>(3,648,564)</u>	<u>1,261,966</u>	<u>627,221</u>	<u>(1,272,492)</u>	<u>616,695</u>
Segment assets (including interests in joint ventures and associates)	<u>56,532,993</u>	<u>7,853,630</u>	<u>8,281,972</u>	<u>72,668,595</u>	<u>71,467,414</u>	<u>7,781,771</u>	<u>9,995,603</u>	<u>89,244,788</u>
Segment liabilities	<u>(43,298,320)</u>	<u>(942,238)</u>	<u>(871,494)</u>	<u>(45,112,052)</u>	<u>(53,595,407)</u>	<u>(1,379,316)</u>	<u>(1,147,226)</u>	<u>(56,121,949)</u>

(a) Measurement

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

Segment (loss) profit 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 losses on loan receivables and amounts due from joint ventures, 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 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, assets classified as held for sale, inventory of properties, 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, liabilities associated with assets classified as held for sale 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 (loss) profit, total segment assets and total segment liabilities

	2023	2022
	HK\$'000	HK\$'000
Total segment (loss) profit	(3,648,564)	616,695
Unallocated items:		
Interest income	4,832	3,383
Corporate income	–	1,123
Corporate expenses	(51,780)	(87,264)
Finance costs	(65,035)	(75,325)
	<hr/>	<hr/>
Consolidated (loss) profit for the year	(3,760,547)	458,612
	<hr/> <hr/>	<hr/> <hr/>
Total segment assets	72,668,595	89,244,788
Unallocated assets:		
Right-of-use assets	9,210	15,062
Deposits and prepayments	66,632	81,699
Bank balances and cash	401,876	660,824
	<hr/>	<hr/>
Consolidated total assets	73,146,313	90,002,373
	<hr/> <hr/>	<hr/> <hr/>
Total segment liabilities	(45,112,052)	(56,121,949)
Unallocated liabilities:		
Accrued charges	(16,093)	(13,549)
Bank and other borrowings	(810,294)	(1,090,970)
Lease liabilities	(10,210)	(15,422)
	<hr/>	<hr/>
Consolidated total liabilities	(45,948,649)	(57,241,890)
	<hr/> <hr/>	<hr/> <hr/>

(c) Other segment information

	2023					2022				
	Property	Toll road	Investment	Unallocated	Consolidated	Property	Toll road	Investment	Unallocated	Consolidated
	development		and asset			development		and asset		
	and	management	and asset	management	and	management	and asset	management	and asset	total
investment	HK\$'000	HK\$'000	HK\$'000	HK\$'000	investment	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Amounts included in the measure of segment (loss) profit:										
Interest income	196,835	15,734	4,732	4,832	222,133	368,179	18,491	5,673	3,383	395,726
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 (losses) on disposals/ written off of property, plant and equipment	787	-	(97)	-	690	665	68	591	-	1,324
Impairment loss on loan receivables	-	-	(698,896)	-	(698,896)	-	-	(302,257)	-	(302,257)
Impairment loss on amounts due from joint ventures	(614,848)	-	-	-	(614,848)	-	-	-	-	-
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	(138,709)	-	(25)	-	(138,734)	-	-	(8,917)	-	(8,917)
Change in fair value of investment properties	81,176	-	(23,764)	-	57,412	(59,859)	-	(59,396)	-	(119,255)
Depreciation of property, plant and equipment	(14,991)	(513)	(1,108)	-	(16,612)	(15,388)	(751)	(1,443)	-	(17,582)
Depreciation of right-of-use assets	(9,040)	(5,778)	-	(5,519)	(20,337)	(10,152)	(3,171)	(145)	(4,632)	(18,100)
Finance costs	(181,175)	(118,217)	(689,765)	(65,035)	(1,054,192)	(431,403)	(12,341)	(624,205)	(75,325)	(1,143,274)
Income tax (expenses) credit	(131,540)	(22,704)	(17,078)	-	(171,322)	(626,662)	(30,238)	17,339	-	(639,561)
Share of results of associates	-	-	13,561	-	13,561	3,200	-	28,770	-	31,970
Share of results of joint ventures	88,282	788,750	(592,790)	-	284,242	398,411	683,659	(14,813)	-	1,067,257
Amounts included in the measure of segment assets:										
Right-of-use assets	15,856	735	-	9,210	25,801	25,463	748	-	15,062	41,273
Investment properties	4,368,111	-	876,771	-	5,244,882	3,198,171	-	927,651	-	4,125,822
Interests in associates	-	-	1,025,706	-	1,025,706	-	-	1,041,280	-	1,041,280
Interests in joint ventures	9,008,261	4,368,851	1,355,391	-	14,732,503	9,500,207	7,086,056	2,026,577	-	18,612,840
Financial assets at FVTPL	-	-	579,707	-	579,707	-	-	596,271	-	596,271
Assets classified as held for sale	-	2,930,045	-	-	2,930,045	-	-	-	-	-
Additions to non-current assets during the year	45,880	417	7,980	-	54,277	946,205	1,996,779	63,958	-	3,006,942

(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 and property management service income.

(e) Information about geographical areas

All of the Group's revenue is attributable to customers in Mainland China and Hong Kong. Details on the revenue by geographical areas are set out in note 3.

The Group's total non-current assets (excluding deferred tax assets and financial instruments) of HK\$16,351,664,000 (2022: HK\$19,712,515,000) are located in Mainland China. The remaining non-current assets of HK\$4,725,194,000 (2022: HK\$4,161,749,000) are substantially located in Hong Kong, Indonesia and the United Kingdom.

(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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net exchange losses	(662,409)	(1,335,442)
Change in fair value of financial liabilities at FVTPL		
– relating to foreign currency forward contracts	–	20
	<u>(662,409)</u>	<u>(1,335,422)</u>
Change in fair value of financial assets at FVTPL		
– relating to investment in a listed entity	–	(5,344)
– relating to investment in an unlisted entity	–	(261,283)
Change in fair value of financial liabilities at FVTPL		
– relating to participation rights	51,345	16,156
– relating to contingent consideration	–	10,608
– relating to sale loan with redemption right	66,297	–
Gains on buyback of senior notes	605,697	1,366,988
Net gains on disposals/written off of property, plant and equipment	690	1,324
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	(698,896)	(302,257)
Impairment loss on amounts due from joint ventures	(614,848)	–
Fair value losses on transfer of property, plant and equipment to investment properties	–	(3,898)
Fair value losses on transfer of completed properties held for sale to investment properties	(138,734)	(8,917)
Change in fair value of investment properties	57,412	(119,255)
	<u>(1,333,446)</u>	<u>(687,319)</u>

6. SHARE OF RESULTS OF JOINT VENTURES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Share of profits of infrastructure joint ventures before amortisation and taxation	1,233,213	1,277,594
Less share of:		
Amortisation of toll road operation rights	(243,385)	(325,127)
Income tax expenses	(201,078)	(268,808)
	<u>788,750</u>	<u>683,659</u>
Share of (loss) profits of other joint ventures	(504,508)	383,598
	<u>284,242</u>	<u>1,067,257</u>

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on borrowings	1,685,466	2,135,734
Interest on lease liabilities	1,914	2,631
Other interest and finance costs	108,135	143,055
	<u>1,795,515</u>	<u>2,281,420</u>
Less: Capitalised in properties under development for sale	(741,323)	(1,138,146)
	<u><u>1,054,192</u></u>	<u><u>1,143,274</u></u>

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 6.46% (2022: 5.94%) per annum to expenditure on qualifying assets.

8. (LOSS) PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	17,247	17,873
Depreciation of right-of-use assets	20,337	18,100
	<u>37,584</u>	<u>35,973</u>
Less: Capitalised in properties under development for sale	(635)	(291)
	<u>36,949</u>	<u>35,682</u>
Expenses relating to short-term leases with lease terms ending within 12 months	8,850	6,870
Salaries and other benefits	738,903	909,125
Provident fund scheme contributions, net of forfeited contributions of HK\$894,000 (2022: HK\$164,000)	168,299	190,363
Less: Capitalised in properties under development for sale	(59,328)	(80,800)
	<u>847,874</u>	<u>1,018,688</u>
Audit fee	5,290	5,290
Cost of inventory of properties recognised as an expense (including write down of inventories amounting to HK\$890,996,000 (2022: HK\$213,777,000))	12,665,115	13,482,691
and after crediting:		
Bank interest income	<u><u>68,475</u></u>	<u><u>93,972</u></u>

9. INCOME TAX EXPENSES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong profits tax	–	772
PRC enterprise income tax (“EIT”)	62,541	498,047
PRC land appreciation tax (“LAT”)	43,912	49,420
PRC withholding tax	120,388	189,637
	<hr/>	<hr/>
	226,841	737,876
Deferred tax	(55,519)	(98,315)
	<hr/>	<hr/>
	171,322	639,561
	<hr/> <hr/>	<hr/> <hr/>

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
No 2022 final dividend paid (2022: 2021 final dividend paid of HK\$0.20 per share)	–	149,867
No 2023 interim dividend paid (2022: No 2022 interim dividend paid)	–	–
	<hr/>	<hr/>
	–	149,867
	<hr/> <hr/>	<hr/> <hr/>

The board has resolved not to declare the payment of any final dividend in respect of 2023.

11. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purposes of basic loss per share attributable to owners of the Company	<u>(3,961,585)</u>	<u>(495,378)</u>
	2023 Number of shares '000	2022 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>749,337</u>	<u>749,337</u>

No diluted loss per share for the years of 2023 and 2022 were presented as there were no dilutive potential ordinary shares in issue for both years.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Aged analysis of trade debtors, presented based on invoice dates (<i>note</i>):		
Within 60 days	109,545	121,986
61 to 90 days	1,261	675
More than 90 days	<u>106,812</u>	<u>32,136</u>
Trade debtors from contracts with customers derived from goods and services	217,618	154,797
Prepayment for land development cost	555,556	571,429
Deposits paid for acquisition of inventory of properties	518,119	584,917
Prepayment of value added tax and other taxes	528,926	540,844
Consideration receivable	25,000	25,714
Other receivables, deposits and prepayments	<u>792,149</u>	<u>779,411</u>
	<u>2,637,368</u>	<u>2,657,112</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. DISPOSAL GROUP HELD FOR SALE

On 20 December 2023, the shareholders of the Company resolved to dispose of all the shares in issue of Road King (China) Infrastructure Limited (“Disposal Group”) pursuant to the sale and purchase agreement dated on 17 November 2023. The assets attributable to the Disposal Group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The operations of the Disposal Group are included in the Group’s toll road segment for segment reporting purposes (see note 4). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss has been recognised.

At 31 December 2023, the major classes of assets and liabilities of the Disposal Group classified as held for sale are as follows:

	2023
	<i>HK\$’000</i>
Interests in joint ventures	2,850,043
Amount due from a joint venture	79,991
Bank balances and cash	11
	<hr/>
Total assets classified as held for sale	2,930,045
	<hr/> <hr/>
Deferred tax liabilities	18,462
	<hr/>
Total liabilities classified as held for sale	18,462
	<hr/> <hr/>

14. CREDITORS AND ACCRUED CHARGES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	355,202	747,042
61 to 90 days	6,146	140,176
More than 90 days	988,938	1,043,669
	<u>1,350,286</u>	<u>1,930,887</u>
Bills payables		
Within 60 days	–	19,525
More than 90 days	–	16,614
	<u>–</u>	<u>36,139</u>
Accrued construction costs	<u>2,918,137</u>	<u>3,802,230</u>
	4,268,423	5,769,256
Accrued taxes (other than EIT and LAT)	246,839	208,853
Consideration payable for the acquisition of joint ventures	221,285	238,133
Dividends payable to other non-controlling interests of subsidiaries	–	274,617
Construction related deposits	265,626	411,086
Other payables	923,852	1,272,186
	<u>5,926,025</u>	<u>8,174,131</u>

15. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2023 amounted to HK\$41,744,326,000 (2022: HK\$56,116,494,000). The Group's net current assets at 31 December 2023 amounted to HK\$14,166,004,000 (2022: HK\$21,708,659,000).

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for 2023

For the year ended 31 December 2023, property sales and toll revenue of the expressway projects of the Group (including joint venture and associate projects) were RMB27,650 million and RMB3,906 million respectively, totaling RMB31,556 million. In 2023, the Group's loss after tax for the year was HK3,761 million and loss attributable to shareholders was HK\$3,962 million. The Group's bank balances and cash were HK\$5,480 million and net assets per share were HK\$20.95.

Business Overview

In 2023, the overall performance of the real estate market of Mainland China presented an upward trend followed by a decline. In the first quarter, driven by factors such as the release of the cumulative demand depressed by the COVID-19 pandemic (the "Pandemic") and the emerging effects of previous policies, the market became more active, particularly from February to March, the sales in key cities ushered in a "temporary boom". However, from the second quarter, the property purchase sentiment of homebuyers declined rapidly, and the market remained stagnant in the second half of the year. The failure of continuous recovery in the market was due to the unstable foundation of economic recovery and sluggish demand in Mainland China. A number of real estate enterprises were faced with unprecedented crisis due to the plunge in sales volume and size of financing. In order to survive, enterprises were forced to adopt a throat-cutting strategy to secure the sales volume and recover cash. Throughout the year, the Central Government and the authorities were on the move to frequently send out positive signals by implementing city-specific policies and further relaxing the restrictions on property purchase, property sale and credit. However, the confidence of property buyers in the economy and the real estate market has not been fully restored in the short term.

The Group achieved total property sales (including joint venture and associate projects) of RMB26,555 million in Mainland China in 2023. The property sales comprised contracted sales of RMB25,585 million and outstanding subscribed sales of RMB970 million, representing a decrease of approximately 36% as compared to 2022. The Yangtze River Delta Region and Bohai Rim Region are the major sales regions.

In 2023, the land transaction volume in Mainland China dropped significantly. Only premium land in certain core cities attracted high interest in land auctions, and the overall market performance was still sluggish. Given the lack of certainty about the current economic and sales recovery momentum, credit refinancing has not yet resumed. Real estate enterprises remained cautious in land acquisition, with state-owned enterprises being the major participants in land acquisition. To reserve cash for loan repayment purposes, the Group had been less active in land auctions during the year. The Group acquired only two parcels of residential land in Mainland China throughout the year with a total gross floor area of approximately 90,000 sqm, in which the Group accounts for 51% equity interest. As of 31 December 2023, the Group had a total land reserve of approximately 3,570,000 sqm, of which 1,070,000 sqm were pre-sold but yet to be delivered.

In 2023, Hong Kong saw weak economic performance, sluggish real estate market and unsatisfactory property sales. Crescent Green in Yuen Long and Southland in Wong Chuk Hang continued to sell their remaining units, while Mori in Tuen Mun officially launched sale in late September. The three projects in Hong Kong recorded total sales of HK\$1,218 million for the year. Southland completed the delivery procedures of 490 residential units and 30 car parks during the year, amounting to HK\$10,900 million. The superstructure of Mori has been completed and the project is expected to be completed by the end of June 2024.

In 2023, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) amounted to approximately RMB31,651 million, with a total delivered area of approximately 1,380,000 sqm. Due to the downturn in the real estate market and throat-cutting promotion of competitive projects, the Group's gross profit margin for property delivery dropped to approximately 2% in 2023. After taking into account the impairment of inventory of HK\$891 million, the gross loss margin for delivery amounted to approximately 5%.

The Group's toll concession right of Tangjin Expressway project expired on 19 April 2023 after which the Group no longer receives its cash distribution. The Group's expressway projects in Mainland China (other than Tangjin Expressway project) generated in 2023 total revenue of RMB2,229 million, representing a 4% increase over last year and recorded a 18% increase over last year in average daily traffic volume. Taking into account the contribution of Tangjin Expressway project, all of the Group's expressway projects in Mainland China generated in 2023 total revenue of RMB2,429 million, representing a 13% decrease over last year while the average daily traffic volume recorded a 20% increase over last year. The greater increase in average daily traffic volume was mainly due to the retaliatory growth of domestic tourism and the consequential surge in the traffic volume of passenger vehicles following the cancellation of Pandemic prevention and control. However, due to the slow growth of the international economy, the traffic volume of cargo vehicles decreased, resulting in the inconsistency between the growth of traffic volume and the growth of toll revenue.

Benefiting from the contribution of the newly acquired SB Expressway project and other favourable factors such as the successful rise in toll rates of other expressway projects in Indonesia in the second half of 2023, the overall toll revenue of the expressway projects in Indonesia for 2023 increased by 58% to RMB1,477 million as compared with last year (excluding the impact of the SB Expressway newly acquired in December 2022, toll revenue of the previous expressway projects in Indonesia increased by 10% as compared with last year). However, as the high international energy prices and the lower fuel subsidies from the government inhibited the growth of traffic flow, the average daily traffic volume dropped by 2% to 89,900 vehicles.

In 2023, the total traffic volume of the Group's expressway projects in Mainland China and Indonesia was 118 million vehicles. The average daily traffic volume was approximately 362,300 vehicles, representing an increase of 14% as compared to last year. The toll revenue for the year was RMB3,906 million, representing an increase of 5% as compared to last year, while the profit of the toll road segment amounted to HK\$563 million. Apart from the expiration of the toll concession right of Tangjin Expressway project, the decrease in profit compared with last year was mainly due to the increase in interest costs for the year as the Group had an additional loan for partial financing the acquisition of SB Expressway.

On 17 November 2023, the Group entered into a sale and purchase agreement with Cornerstone Holdings Limited, an investment holding company wholly owned by China Merchants Expressway Network & Technology Holdings Co., Ltd., to sell all the Group's interests in the toll road business in Mainland China, which include Baojin Expressway, Changyi Expressway, Longcheng Expressway and Machao Expressway, at a consideration of RMB4,411.8 million. The above disposal has been formally approved at the special general meeting of the Company held on 20 December 2023, and the transaction is expected to be completed by the first half of 2024. The Group estimates that the disposal will generate a gain after income tax of approximately HK\$1,500 million (approximately HK\$1,100 million attributable to the Group for its 75% equity interest), which will be reflected in the Group's financial statements for 2024.

Business Segments Analysis:

i) Property Segment

In 2023, the property segment achieving total property sales of RMB26,948 million in Mainland China and Hong Kong (including joint venture and associate projects), comprising the contracted sales of RMB26,052 million and outstanding subscribed sales of RMB896 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 2023:

Regions <i>(Notes)</i>	Sales		Delivery	
	Amount <i>RMB' million</i>	Area <i>sqm</i>	Amount <i>RMB' million</i>	Area <i>sqm</i>
Yangtze River Delta Region	14,859	676,000	10,354	614,000
Bohai Rim Region	8,836	449,000	7,869	452,000
Guangdong-Hong Kong- Macao Greater Bay Area	3,119	139,000	12,430	186,000
Other Regions	134	18,000	227	30,000
Total (2023)	<u>26,948</u>	<u>1,282,000</u>	<u>30,880</u>	<u>1,282,000</u>
Total (2022)	<u>41,254</u>	<u>1,669,000</u>	<u>33,593</u>	<u>1,603,000</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 Greater Bay Area ("Greater Bay Area") comprises Guangdong Province and Hong Kong Special Administrative Region.

Other Regions comprise Henan Province.

In 2023, the average selling price of properties in the property segment was RMB21,000 per sqm. Yangtze River Delta Region is the major sales region, accounting for approximately 55% of total sales. As at 31 December 2023, the total area of properties pre-sold but yet to be delivered was approximately 1,050,000 sqm.

The revenue of the Group's property segment for 2023 was mainly derived from the delivery of properties in the Greater Bay Area and the Yangtze River Delta Region (which accounted for approximately 74% of total revenue). The average selling price was approximately RMB24,000 per sqm, of which the average selling price of properties was RMB17,000 per sqm in Mainland China and HK\$365,000 per sqm in Hong Kong. Due to the downturn in the real estate market and throat-cutting promotion of competitive projects, the Group's property sales volume and price both fell, resulting in a loss of HK\$2,138 million in the property segment for the year.

In 2023, the Group's property segment acquired two pieces of land in Mainland China for residential purpose through listing-for-sale, with an aggregate floor area of approximately 90,000 sqm. The new lands were jointly developed with competent enterprises, thereby diversifying the Group's financial commitment.

ii) Toll Road Segment

In 2023, the total traffic volume of the Group's expressway projects in Mainland China and Indonesia was 118 million vehicles. The average daily traffic volume was approximately 362,300 vehicles, representing an increase of 14% as compared to last year. The toll revenue for the year was RMB3,906 million, representing an increase of 5% as compared to last year.

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

Projects	Average Daily Traffic Volume Vehicles	Increase (Decrease) %	Toll Revenue RMB'million	Increase (Decrease) %
Expressway projects in Mainland China				
Baojin Expressway	69,900	22	796	4
Tangjin Expressway (Note 1)	57,000	26	200	(69)
Changyi Expressway	81,100	20	543	11
Longcheng Expressway	23,600	(3)	482	(9)
Machao Expressway	40,800	26	408	15
Total	272,400	20	2,429	(13)
Expressway projects in Indonesia				
SN Expressway	20,800	5	427	16
NKK Expressway	18,500	–	312	5
MKTT Expressway	21,500	4	243	8
SB Expressway (Note 2)	29,100	N/A	495	N/A
Total	89,900	(2)	1,477	58
Total (2023)	362,300	14	3,906	5
Total (2022) (Note 2)	319,100		3,716	

Note 1: The Group's toll concession right of Tangjin Expressway project expired on 19 April 2023.

Note 2: As the acquisition of SB Expressway in Indonesia was completed on 5 December 2022 and the above data are for the period from the acquisition date to 31 December 2022.

In 2023, the profit of the Group's toll road segment (after deduction of head office income, expenses and taxation) amounted to HK\$563 million. The decrease in profit as compared to last year was mainly because the Group's toll concession right of Tangjin Expressway project expired on 19 April 2023 and cash distribution to the Group is therefore ceased, which resulted in a decrease in toll revenue of the expressways in Mainland China and the Group's additional loan at the end of last year was used to partial financing the acquisition of SB Expressway, resulting in an increase in interest costs for the year. The above offsetted the impact from the increase in toll revenue of the expressways in Indonesia. In the same year, the Group's cash distributions received from expressway joint ventures amounted to HK\$501 million.

iii) Investment and Asset Management Segment (“IAM Segment”)

In 2023, the property development projects of IAM segment (including joint venture and associate projects) achieved property sales of approximately RMB702 million, comprising the contracted sales of RMB628 million and outstanding subscribed sales of approximately RMB74 million. After restructuring and rectification, the business scale of the remaining original businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced and investment in new businesses has been ceased. Going forward, the Group will continue to review the operation of its remaining businesses and take appropriate action in due course.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2023, the equity attributable to owners of the Company was HK\$15,696 million (2022: HK\$20,246 million). Net assets per share attributable to owners of the Company was HK\$20.95 (2022: HK\$27.02).

As at 31 December 2023, the Group's total assets were HK\$73,146 million (2022: HK\$90,002 million) and bank balances and cash were HK\$5,480 million (2022: HK\$8,262 million), of which 85% was denominated in Renminbi and the remaining 15% 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 suitable treasury strategy and consider various financing channels, so as to manage capital structure and ensure sufficient cash resources for the Group.

Certain of the Group's borrowings bore fixed interest rates per annum, including US\$1,726 million guaranteed senior notes with interest rates ranging from 5.125% to 6.7% per annum.

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

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

As at 31 December 2023, the net gearing ratio and the net capitalisation ratio of the Group were 63% and 39% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

In 2023, the business environment of the real estate industry in Mainland China remained challenging, and the financing difficulties of real estate enterprises have not yet been resolved. The second half of 2023 witnessed stronger supporting policies for real estate enterprises, with the proposal of financial support measures such as "three no less than". However, market confidence has not been fully restored, major banks remain cautious, and there are still uncertainties in the market outlook.

The Group continued to actively strengthen its cash flow and debt management. During the year, the Group repaid a total of HK\$11,051 million equivalent of loans, which include a maturing offshore bond with an outstanding principal amount of US\$343 million and certain offshore syndicated loans. Although progress has been made and the Group's debt scale has been reduced, the Group will still face significant debt repayment pressure in the future due to a lack of refinancing channels and poor market sentiment.

Charges on Assets

As at 31 December 2023, bank balances of HK\$80 million (2022: HK\$119 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking credit facilities granted to the Group. In addition to these pledged bank deposits, properties with carrying value of HK\$7,955 million (2022: HK\$11,928 million) were pledged as security for certain loan facilities.

As at 31 December 2023, the Group's borrowings with outstanding principal amount of HK\$2,223 million (2022: HK\$2,373 million) were secured by the pledges of the equity shares of certain subsidiaries and joint ventures of the Company.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar 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 2023, Renminbi continued to depreciate and the Group recorded net exchange losses of approximately HK\$662 million. The Group will pay close attention to the impact of changes in international environment on exchange rate fluctuations, and will enter into foreign currency forward contracts to balance the foreign exchange risks, when appropriate.

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

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

Financial Guarantee Contracts

As at 31 December 2023, the Group had provided guarantees of HK\$3,726 million (2022: HK\$6,801 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

As at 31 December 2023, the Group had also provided guarantees of HK\$2,382 million (2022: HK\$4,088 million) for banking facilities granted to the joint ventures of the Group.

Employees

The Group had 3,994 employees as at 31 December 2023. Expenditure on staff (including staff assigned to or participated in joint ventures and associates, but excluding Directors' emoluments) amounted to HK\$907 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option scheme. During the year, no share option was granted.

WORK PLAN

Looking forward to 2024, the real estate market in Mainland China is expected to remain sluggish, and policies are likely to be further relaxed. The Mainland Government will continue to implement city-specific policies, actively resolve risks in the real estate industry, support reasonable housing and financing demands, and promote the stable and healthy development of the real estate market. In Hong Kong, after serious consideration of the current market conditions, the Government decided to abolish all demand side management measures for residential properties in February 2024, which meant "withdrawing the harsh measures" and the tax burden on buyers were directly reduced, helping to drive the demand for property purchases. Although "withdrawing the harsh measures" may stimulate market confidence and release more short-term purchasing power, high interest rates and the overall market downward trend still put pressure on the real estate market. Given the unpredictability of the market both in Mainland China and Hong Kong and the lack of fundamental improvements in market recovery, it is expected that a full market recovery will still take some time, and we remain cautious in 2024. Considering our demand for funds for loan repayment in 2024 and in the coming years, as well as the risks of market uncertainty, the Group will be more prudent in its land acquisition decisions.

Since several offshore loans will be matured in the next three years (including two in the second half of 2024), our funds will continue to be tight. The Group will actively manage cash flows from different channels to meet its operational and loan repayment needs. In addition to the funds from disposal of its expressways in Mainland China and property projects, the Group is also striving to reduce costs and improve efficiency, optimise its operational structure, stabilise cash flow, and make every effort to ensure delivery, thereby laying a solid foundation for future long-term development. Meanwhile, the Group may take necessary measures to protect the interests of all stakeholders, including but not limited to debt management measures.

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

Throughout the years, the Group's property business has been operated under a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. 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 has been accumulating overseas operating experience after expanding its expressway business in Indonesia. The Group has successfully acquired four expressways in Indonesia up to the present. In 2024, the Group will continue to optimise its toll road business and look for toll road projects with reasonable investment returns in the Asia-Pacific region.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

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

- (a) all the outstanding principal amount of US\$400 million 7.875% guaranteed senior notes due 2023 (the “2023 Notes”) upon its final maturity date on 1 February 2023 at the redemption price plus accrued and unpaid interest. Subsequent to the full redemption, the 2023 Notes were cancelled and delisted from the Singapore Exchange Securities Trading Limited;
- (b) an aggregate principal amount of US\$36.1 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\$322.7 million;
- (c) an aggregate principal amount of US\$20.1 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\$197.0 million; and
- (d) an aggregate principal amount of US\$96.55 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\$206.3 million.

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 2023.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2023.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee of the Company and audited by the Company’s external auditor.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Jade and Lotus Rooms, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 21 May 2024 at 10:00 a.m. and the notice of annual general meeting will be published on the Company’s website (www.roadking.com.hk) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

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 Thursday, 16 May 2024 to Tuesday, 21 May 2024, 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 Tuesday, 14 May 2024 for registration.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.roadking.com.hk) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The Annual Report containing all the information required by the Listing Rules will be published on the aforesaid websites and despatched to the shareholders of the Company (if requested) 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, 20 March 2024

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